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INTRODUCTION

As new agricultural and food legislation is introduced and debated in the 99th Congress many interested groups will express their views. Increased interest in the legislation from the traditionally recognized groups as well as many organizations new to the process promise to make this episode of farm policy formulation one of the more interesting and lively ones. The intent of Policy Research Notes has always been to make available information that will improve the decision process. It is that purpose which gives rise to this special edition of Notes.

Though normally published in May and November, this special issue is being distributed in February so that the views of interest groups can be made available to policy makers on a timely basis. The two papers contained in this issue will provide those interested in agriculture and food policy with an abundance of information on the groups to be involved in the process and their views on the issues.

The first paper by Dr. R. G. F. Spitze presents a summary of results from a recent survey he conducted among agricultural policy leaders. The second paper by Mark Weber is a compilation of information on major groups interviewed during the past year. The diversity of views found by Spitze and Weber is quite striking, if not totally unexpected, suggesting that the farm bill deliberations may be as extended as were those in 1981. The next issue of Notes, to be published in May, will update those deliberations. The views are those of the interest groups, not necessarily those of the authors or Policy Research Notes.

Policy Research Notes is distributed to provide a communication linkage among policy workers. It is circulated on a May and November schedule each year. Requests for copies of earlier issues of these Notes, comments or suggestions about them, and proposed contributed articles may be sent to either address below.

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Policy Research Notes is a cooperative effort of the Illinois Agricultural Experiment Station and USDA-ERS. The Notes are prepared by R.G.F. Spitze, Department of Agricultural Economics, 1301 West Gregory Drive, University of Illinois, Urbana, Illinois 61801, and James A. Zellner, Food and Agricultural Policy Branch, ERS, 500 12th Street, S.W., Washington, D.C. 20250.

NATIONAL LEADERS' VIEWS ON 1985 AGRICULTURAL AND FOOD POLICY

R. G. F. Spitze*

Summary of Research Findings

A systematic survey was conducted during Fall 1984 of over 400 leaders of eight national interest groups likely to be important participants in developing agricultural and food policy in 1985. The participants include farm organizations, agribusiness, commodity promotion groups, State directors of agriculture, State ASCS administrators, general interest groups, consumer groups, and agricultural economics policy specialists.

The leaders were questioned concerning: (1) their attitudes relating to intervention policies about current public issues; (2) their level of satisfaction with selected provisions of the existing 1981 Act; and (3) their preferences about the many alternative agricultural and food provisions likely to be considered for 1985 policy and beyond. Their responses can be briefly summarized as follows:

1. Leaders of both farm and nonfarm groups generally agreed that there should be Government intervention in the agricultural sector for such public issues as food assistance, grain reserves, commodity prices, trade, farm credit, soil conservation, and agricultural research and education. They generally opposed the use of export embargoes and intervention policies that support farmer income, affect farm size, or authorizes farmer collective bargaining.

2. Leaders were generally dissatisfied with provisions of the 1981 Agriculture and Food Act that dealt with those issues. Seventy-five percent favored a new 1985 Act versus 20 percent who favored a substantial extension of the 1981 Act.

3. However, those leaders generally favored provisions for 1985 policy similar to existing policy, but with some important modifications.

4. For 1985 policy, the leaders favored combining food and commodity programs, continuing foreign food aid, expanding targeted food programs but not food stamps, establishing grain reserves with a maximum cap, continuing price support and target-price deficiency payments but varying each based on some variable factor, continuing some form of voluntary crop production control program, continuing the $50,000 payment limitation and applying limits to in-kind payments, continuing some form of dairy program and public marketing orders but eliminating programs for tobacco, wool, peanuts, and sugar. They also favored establishing a pilot program of farmer income insurance, increasing public outlays for farmland conservation with cross-compliance requirements for price/income price benefits, increasing funding for agricultural education, continuing public agricultural export assistance and establishing a public export board.

5. The findings indicate continued public commitment to an agricultural and food policy for this Nation, while revealing both the diversity of views and the modifications around which 1985 policy development is likely to revolve.

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*Professor of Agricultural Economics, University of Illinois.
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Study Design and Results

This paper presents findings of a primary survey of national leader views on approaching 1985 developments of public policy succeeding the expiring 1981 Agriculture and Food Act. It is one of many efforts to provide reliable information, relevant education, and constructive discussion for policy development.

The approaching 1985 period of policy decision-making is important to producers, consumers, agribusinesses, exporters, and taxpayers, and therefore it is useful to review the past. Three generalizations can be drawn from a study of a half century of farm programs beginning with the Agricultural Marketing Act of 1929 through the current Agriculture and Food Act of 1981: (1) The development of price and income policies has been evolutionary in nature, always rooted in widely recognized problems, always building upon past decisions, and always changing, albeit slowly and incrementally. (2) There has been an increase in provisions--of agenda--as more issues and programs are encompassed in the evolving Acts. (3) There has also been an expansion of participating interest groups as more people and organizations are affected by its consequences and seek the opportunity to represent their own interests.

The purpose of this research was to identify the concerns and views of this expanding body of participants. Even though much verbal attention is given to the changing nature of public agricultural and food policy, the research literature, media, and various conference efforts provide minimal recognition. The specific objectives of the study were to provide information from the groups about: (1) their views of the issues needing public policy attention; (2) their level satisfaction with key provisions of the 1981 Act: and (3) their preferences about specific provisions for future 1985 policy.

Their views were ascertained by a systematic, confidential mail survey during the fall of 1984 of selected policy leaders representing national organizations. A national sample of professional agricultural policy researchers and educators was also surveyed. In addition to the sample of agricultural economics policy workers, comprising the first survey group, over 350 organizations were carefully screened from numerous lists representing the following groups: (2) farmer organizations and commodity groups; (3) agricultural input and marketing businesses; (4) farm commodity promotion councils; (5) State directors of agriculture; (6) State ASCS officials; (7) general citizen interest groups; and (8) consumer organizations. An unusually high response rate of over 80 percent was achieved by contacting each respondent by telephone before a questionnaire was mailed. The University of Illinois Survey Research Laboratory assisted in the research.

Respondents views about agricultural and food policy are presented in the following three tables. Table I indicates the leaders' attitudes about government intervention. Table II shows the leaders' degree of satisfaction with parts of the 1981 Act. Table III reports their views on alternative provisions being considered for the 1985 policy. The results can be summarized as follows:

I. Leader Attitudes Concerning Intervention Policies

A. STRONG AGREEMENT FOR INTERVENTION AMONG ALL 8 GROUPS

Food Assistance

Public food assistance for poor people abroad and domestically.

Food Quality

Public protection of food quality.

Agricultural Supply Security

National grain reserves.

Crop Insurance

Crop insurance programs with public cost-sharing.

Agricultural Credit

Credit for farmers.

Resources

Farmland erosion by water and wind.

Stream pollution from farmland sources.

Research and Education

Funding of public agricultural research and education.

B. SOME AGREEMENT FOR INTERVENTION (5-7 GROUPS)

Price Supports

Public price support of farm products.

Production Control

Farmers controlling their production with public assistance.

Disaster Assistance

Crop disaster payments.

Trade

Levels of agricultural exports.

Agricultural imports.

Farm Workers

Public protection for farm migrant workers.

C. SOME AGREEMENT AGAINST INTERVENTION (5-7 GROUPS)

Income Payments

Support individual farmer incomes with public payments.

Bargaining

Authorization for farmer collective bargaining.

Farm Structure

Farm size distribution and ownership patterns.

Trade

Agricultural export embargoes.

D. LITTLE OR NO AGREEMENT ABOUT INTERVENTION

Farm Income Levels

Level of farm income earned by farm families.

II. Leaders' Satisfaction with Provisions of 1981 Act

A. SOME SATISFACTION WITH 1981 ACT (5-7 GROUPS)

Resources

Voluntary soil conservation with publicly supported technical assistance and minimal cost sharing.

B. STRONG DISSATISFACTION AMONG ALL GROUPS

Dairy

Dairy price supports and payments to farmers from check-offs to control milk production.

Current level of Treasury cost of dairy price support program.

Costs of Crop Programs

Current level of Treasury cost of crop price and income programs.

C. SOME DISSATISFACTION (5-7 GROUPS)

Food Assistance

Food stamp program.

Current level of Treasury cost of food distribution programs.

Price Supports

Price supports for major farm commodities.

Production Control

Voluntary acreage control for major crops.

III. Leaders' Preferences About Provisions for 1985 Policy

A. STRONG AGREEMENT AMONG ALL 8 GROUPS ABOUT 1985 PROVISIONS

Overall Policy Provisions

Oppose continuing major provisions and titles essentially as in the 1981 Act.

Oppose continuing crop price supports and target price programs essentially as in the 1981 Act.

Favor varying price support loan levels based on some variable factor.

Favor eliminating present public tobacco price and control programs.

Oppose providing the target price-deficiency payment program for meat producers as well as crop producers.

Food Assistance

Oppose a decrease in the volume of foreign food aid (P.L. 480).

Agricultural Supply Security

Oppose elimination of national grain reserves.

Favor setting a maximum to go along with the existing minimum on the size of any national grain reserves.

Resources

Favor increasing public cost-sharing benefits to induce more farmland conservation and stream pollution control practices.

Research and Education

Favor increase in funds for public agricultural education and research.

B. SOME AGREEMENT ABOUT 1985 PROVISIONS (5-7 GROUPS)

Overall Policy Provisions

Favor combining food stamps and commodity programs in omnibus legislation.

Oppose gradually eliminating all commodity price and income programs with public assistance only during the transition.

Favor varying target price levels based on some variable factor.

Oppose eliminating target price-deficiency payments.

Favor eliminating the wool target price-deficiency payment programs.

Favor eliminating sugar price support program.

Oppose continuing peanut price support program.

Oppose eliminating all public marketing orders.

Favor establishing a limited pilot program of partially subsidized farmer income insurance.

Oppose establishing an independent Federal agriculture commission.

Food Assistance

Favor expanding targeted food programs.

Oppose expanding benefits for people already served by food stamps.

Oppose expanding the population eligible for food stamps.

Agricultural Supply Security

Oppose continuing grain reserves as in 1981 Act.

Payment Limitations

Favor extending the $50,000 payment limitation per operator to apply to "in-kind" as well as monetary transfers.

Oppose lowering the $50,000 payment limitation per operator.

Production Control

Oppose providing for mandatory crop production control as determined by farmer referenda.

Oppose eliminating any kind of public production control programs for field crops.

Oppose allowing only multi-year contracts for public production control.

Dairy

Favor continuing some kind of dairy price support program.

Oppose supporting incomes of dairy producers with target price-deficiency payments instead of present price supports and purchases.

Agricultural Credit

Oppose a decrease in public funding of Farm Home Administration (FmHA) farmer and rural commodity credit assistance.

Resources

Favor requiring specified conservation practices on cropland as a condition for any commodity price/income policy benefits.

Trade

Oppose decreasing public agricultural export assistance.

Favor establishing a national public export board.

C. LITTLE OR NO AGREEMENT AMONG GROUPS ABOUT 1985 PROVISIONS

Discretion of Secretary of Agriculture to set price support loan and target levels.

Enacting legislation for a longer term instead of the present 4 years.

Establishing permanent crop land and crop bases for each farm.

Voluntary production control essentially as in the 1981 Act.

Table 1 - NATIONAL LEADERS' VIEWS ON ISSUES FOR POSSIBLE FUTURE PUBLIC AGRICULTURAL AND FOOD POLICY

Items on Questionnaire	Ag. Ec. Policy Workers	Farmer Organi- zations	Agri- busi- nesses	Commodity Promotion Groups	State Ag. Dept.	State ASCS Office	Consumer	General Interest Groups
				- Percent -				
Should Have Intervention Policy About Issues (51% or more agreement)								
U.S. public food assistance for poor people in foreign countries	86	91	80	85	95	76	100	86
Domestic public food assistance for the poor	98	94	89	85	97	85	100	94
Public protection of food quality	99	99	96	85	100	95	100	98
National grain reserves	85	77	73	58	95	70	75	90
Level of farm income earned by farm families	63	54	..	..	54	..	..	70
Public price supporting of farm products	61	63	..	54	64	73	..	67
Farmers controlling their production with public assistance	64	66	.	..	55	63	..	60
Authorization for farmer collective bargaining	60	69	..	..	..	..	..	63
Public crop disaster payments	61	80	69	85	68	..	80	88
Crop insurance programs with public cost-sharing	73	70	66	77	72	81	75	84
Levels of agricultural exports	68	78	65	92	88	76	..	69
Agricultural imports	..	82	53	85	82	81	..	60
Credit for farmers	71	80	68	92	88	73	75	87
Farmland erosion by water and wind	92	95	87	92	95	88	100	96
Stream pollution from farmland sources	96	86	91	83	97	85	100	100
Funding of public agricultural research and education	99	96	94	92	97	88	100	90
Public protection for farm workers	87	71	64	54	68	..	100	96
Farm size distribution and ownership patterns	..	..	..	..	..	..	..	56
Should Not Have Intervention Policy (51% or more agreement)								
Level of farm income earned by farm families	..	..	54	62	..	59	..	..
Individual farmer incomes being supported by public payments	53	52	65	67	72	63	67	..
Authorization for farmer collective bargaining	..	..	71	58	61	70	67	..
Farm size distribution and ownership patterns	69	76	92	92	76	95	75	..
Agricultural export embargoes	66	58	70	69	63	73	..	67
Public price supporting of farm products	.	..	..	..	..	..	80	..
Farmers controlling their production w/public assistance	..	..	63	54	..	..	..	..
Agricultural imports	54	..	.	.	..	..	60	..
Public crop disaster payments	..	..	..	..	..	61	..	..
Public protection for farm workers	..	..	..	..	..	53	..	..

R. G. F. Spitze Univ. of Illinois Urbana

Table 2 - NATIONAL LEADERS' LEVEL OF SATISFACTION WITH PROVISIONS OF THE 1981 AGRICULTURE AND FOOD ACT WITH AMENDMENTS

Items on Questionnaire	Ag. Ec. Policy Workers	Farmer Organi-zations	Agri-busi-nesses	Commodity Promotion Groups	State Ag Dept.	State ASCS Office	Consumer	General Interest Groups
				-- Percent --				
Satisfied (51% or more agreement)								
Food stamp program.	68	51	..	..	..	..	..	..
Voluntary acreage control for major crops	..	..	..	89	..	73	67	..
Voluntary soil conservation with publicly supported technical assistance and minimal cost sharing.	58	63	72	100	65	90	100	..
Price supports for major farm commodities	..	..	..	..	..	56	..	..
Current level of treasury cost of food distribution	59	..	..	..	..	..	..	..
Dissatisfied (51% or more agreement)								
Food stamp program.	..	..	51	..	54	73	67	54
Price supports for major farm commodities	81	74	85	60	68	..	100	81
Voluntary acreage control for major crops	59	65	62	..	58	..	..	71
Dairy price supports and payments to farmers from check-offs to control milk production	83	69	83	56	69	61	100	86
Current level of treasury cost of crop price and income programs	88	71	88	79	81	59	100	89
Current level of treasury cost of dairy price support program.	96	79	86	79	84	76	100	90
Current level of treasury cost of food distribution programs.	..	62	61	56	60	78	67	57

R. G. F. Spitze, Univ. of Illinois, Urbana

Table 3 - NATIONAL LEADERS' VIEWS ON POSSIBLE PROVISIONS FOR 1985 AGRICULTURAL AND FOOD POLICY

	Ag. Ec. Policy Workers	Farmer Organizations	Agri-businesses	Commodity Promotion Groups	State Ag Dept.	State ASCS Office	Consumer	General Interest Groups
				-- Percent --				
Favor (51% or more agreement)								
-Expand benefits for people already served by food stamps. . .	..	..	..	..	..	.	75	79
-Expand the population eligible for food stamps.	..	..	..	..	..	..	75	78
-Expand targeted food programs (e g., women-infants-children, school lunch, elderly hot meals, day care center feeding).	75	66	53	..	72	..	100	90
-Set a maximum to go along with the existing minimum (i.e., 1.7 billion bushels) on the size of any national grain reserves	81	82	82	78	82	76	100	86
-Gradually eliminate all commodity price and income programs, with public assistance only during the transition.	..	..	75	..	..	..	75	..
-Continue voluntary production control essentially as in the 1981 Act.	..	..	..	91	..	73	100	..
-Vary price support loan levels based on some changeable factor (e.g., moving market prices).	83	68	78	92	87	93	67	88
-Vary target price levels based on some changeable factor (e.g., moving costs of production)	72	72	67	90	78	88	..	84
-Increase the discretion of the Secretary of Agriculture to set price support loan levels	..	..	64	..	64	..	51	85
-Continue some kind of dairy price support programs.	65	78	..	73	72	63	80	58
-Eliminate present public tobacco price and control programs	70	53	78	92	51	57	100	88
-Eliminate the wool target price-deficiency payment program. .	64	..	77	..	..	54	75	75
-Eliminate sugar price support program	77	..	78	..	..	60	100	88

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Cont. Table 3 - NATIONAL LEADERS' VIEWS ON POSSIBLE PROVISIONS FOR 1985 AGRICULTURAL AND FOOD POLICY

	Ag. Ec. Policy Workers	Farmer Organi-zations	Agri-busi-nesses	Commodity Promotion Groups	State Ag. Dept.	State ASCS Office	Consumer	General Interest Groups
	-- Percent --							
Favor - continued								
-Extend the $50,000 payment limitation per operator to apply to "in-kind" (e.g., PIK) as well as monetary transfers . .	69	..	61	..	54	..	80	68
-Require specified conservation practices on cropland as a condition of commodity price/income policy benefits . . .	84	71	88	69	95	..	80	91
-Increase public cost-sharing benefits to induce more farmland conservation and stream pollution control practices. . . .	73	74	69	69	90	70	100	96
-Increase funding for public agricultural education and research	90	92	84	85	95	78	100	86
-Establish a national public export board	..	57	..	..	63	55	67	65
-Establish a limited pilot program of partially subsidized farmer income insurance.	68	53	..	62	60	..	67	82
-Enact legislation for a longer term (e.g. 8-10 years) instead of the present 4 years	..	55	..	..	68	51	..	..
-Combine food stamps & commodity programs in omnibus legislation	58	57	..	56	55	..	..	60
-Continue grain reserves as in 1981 Act.	..	..	..	..	..	..	..	53
-Eliminate target price deficiency payments.	..	..	60	..	..	..	75	..
-Decrease discretion of Secretary of Agriculture to set target prices	..	59	..	58	..	..	..	73
-Provide for mandatory crop production controls with referenda	..	58	..	..	..	..	..	57
-Allow only multi-year contracts for public production control	..	..	..	..	..	..	100	..
-Establish permanent cropland and crop bases for each farm . .	..	58	..	..	53	51	..	..
-Eliminate all public marketing orders	..	..	..	..	..	..	80	..
-Lower the $50,000 payment limitation per operator	..	..	..	..	..	..	67	76
-Continue peanut price support program	..	55	..	..	61	..	..	..
-Decrease public agricultural export assistance.	..	..	..	..	..	..	..	61
-Decrease public funding of FmHA credit assistance	..	..	56	..	..	55	..	..
-Establish an independent Federal agricultural commission. . .	..	59	..	..	53	..	..	54

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R. G. F. Spitze, Univ. of Illinois, Urbana

Cont. Table 3 - NATIONAL LEADERS' VIEWS ON POSSIBLE PROVISIONS FOR 1985 AGRICULTURAL AND FOOD POLICY

	Ag. Ec. Policy Workers	Farmer Organi-zations	Agri-busi-nesses	Commodity Promotion Groups	State Ag. Dept.	State ASCS Office	Consumer	General Interest Groups
				-- Percent --				
Oppose (51% or more agreement)								
-Decrease the volume of foreign food aid (PL 480).	85	83	86	85	92	88	100	78
-Combine food stamps and commodity programs in omnibus legislation.	..	..	73	..	..	78	75	..
-Expand benefits for people already served by food stamps	66	84	93	85	77	93	..	..
-Expand the population eligible for food stamps.	67	86	93	100	75	95	..	..
-Expand targeted food programs (e.g , woman-infants-children, school lunch, elderly hot meals, day care center feeding).	..	..	..	61	..	59	..	..
-Eliminate the national grain reserves	88	79	79	70	98	63	75	93
-Continue major provisions and titles essentially as in the 1981 Act	76	56	85	67	80	55	100	86
-Gradually eliminate all commodity price and income programs with public assistance only during the transition.	55	54	..	62	62	60	..	54
-Continue crop price supports essentially as in the 1981 Act .	87	64	89	58	71	59	100	88
-Decrease the discretion of the Secretary of Agriculture to set target prices	..	..	63	..	66	..	54	81
-Continue target price program essentially as in 1981 Act. . .	79	63	88	60	72	54	100	71
-Eliminate target price-deficiency payments.	60	58	..	64	64	55	..	67
-Continue supporting incomes of dairy producers via target price-deficiency payments instead of present price supports and purchase.	59	69	76	80	71	74	..	..
-Continue peanut price support program	67	..	75	70	..	61	100	77
-Eliminate the wool target price-deficiency payment program. .	..	69	..	..	74	..	..	..
-Provide for target price-deficiency payment programs for meat producers as well as for crop producers.	84	72	91	82	76	87	75	80
-Eliminate all public marketing orders	75	79	51	100	82	67	..	56
-Continue voluntary production control essentially as in the 1981 Act	59	60	..	..	62	..	..	61

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Cont. Table 3 - NATIONAL LEADERS' VIEWS ON POSSIBLE PROVISIONS FOR 1985 AGRICULTURAL AND FOOD POLICY

	Ag. Ec. Policy Workers	Farmer Organi- zations	Agri- busi- nesses	Commodity Promotion Groups	State Ag. Dept.	State ASCS Office	Consumer	General Interest Groups
				-- Percent --				
Oppose - continued								
-Provide for mandatory crop production controls as determined by farmer referenda.	70	..	80	54	53	66	67	..
-Establish permanent cropland and crop bases for each farm . .	58	..	57	83	..	..	..	53
-Eliminate any kind of public production control programs for field crops.	75	80	52	69	70	73	..	73
-Allow only multi-year contracts for public production control.	61	61	77	89	53	71	..	..
-Extend the $50,000 payment limitation per operator to apply to "in-kind" (e.g., PIK) as well as monetary transfers . .	..	59	..	82	..	61	..	..
-Lower the $50.000 payment limitation per operator	59	75	53	75	69	98	..	..
-Decrease public funding of FmHA farmer and rural community credit assistance.	61	75	..	83	87	..	75	74
-Decrease public agricultural export assistance.	71	83	84	85	90	92	75	..
-Enact legislation for a longer term (e.g.,8-10 years) instead of the present 4 years	..	..	56	62	..	..	..	..
-Establish an independent federal agricultural commission. . .	82	..	75	75	..	60	80	..
-Continue grain reserves as in 1981 Act.	64	60	67	57	52	61	67	..
-Increase discretion of Sec. of Ag. to set price supports. . .	..	60	..	62	..	..	..	74
-Vary target price levels based on some changable factors. . .	..	..	..	..	..	..	67	..
-Require specified conservation practice on cropland as a condition of any commodity price/income policy benefits. .	..	..	..	..	..	51	..	..
-Eliminate sugar price support program	..	54	..	67	59	..	..	..
-Establish a national public export board.	56	..	63	55	..	..	..	..
-Establish a limited pilot program of partially subsidized farmer income insurance.	..	..	..	..	..	51	..	..

R. G. F. Spitze, Univ. of Illinois, Urbana

VIEWS ON 1985 FARM LEGISLATION OF AGRICULTURAL AND CONSUMER ORGANIZATIONS

Mark F. Weber*

Many interest groups take an active role in formulating farm policy. Through such groups, farmers, firms in the food and agriculture industry, and consumers arrive at positions on farm policy and gain access to the policymaking process. Those interest groups will undoubtedly make important contributions as alternative policies for new farm legislation are developed in late 1984 and specific proposals are considered beginning early in 1985.

The Economic Research Service studies agricultural policies and currently is publishing background information on past policies and their performance to aid public understanding of policy issues for 1985 farm legislation. ERS has prepared this report to help identify critical issues and policy tools and general policy recommendations that are under consideration among various groups interested in farm legislation. It also will help to identify the research needs of ERS.

The information was gathered through personal interviews or telephone discussions with the organizations and by reviewing their published statements and testimony. The author summarized that information in this report. Before final publication, each organization reviewed the author's summary in draft form to ensure that their views were accurate and complete. A list of persons that were contacted is included in an appendix at the end of this report.

The full spectrum of groups interested in farm legislation includes input suppliers; producers; all segments of the food industry including merchandisers, middlemen, and processors; export-import firms; and consumers.

This study considered all sectors, but is devoted principally to general farm organizations, commodity groups, and consumer organizations. About 90 organizations were contacted between April and December of 1984. Most of those groups were willing to have their views reported. Some groups were reluctant to offer specific policy proposals because they felt that it was too early in the 1985 farm bill process and therefore chose to remain very general in their remarks. They indicated that they would not make any specific recommendations until January or February of 1985. Others contributed well thought-out, clear, and concise policy platforms. Certain groups indicated that because they represent all segments of an industry, they would not lobby on farm bill issues.

The summaries in this report should be read as an attempted objective synthesis of each organization's views in mid- to late 1984. The information should not be interpreted as current specific policy positions, as those positions are still in formulation. Many organizations indicated that their views and ideas were subject to change at any time during the course of the 1985 farm bill debate.

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* The report was prepared by Mark Weber of the Food and Agricultural Policy Branch of the National Economics Division. The author wishes to thank those organizations that participated in the study and appreciates the interest and cooperation of many groups and individuals in the review process. The views expressed are those of the organizations and not of USDA or ERS. Any misinterpretation of the organizations' views is the fault of the author.

ORGANIZATIONS INTERVIEWED

AMERICAN AGRICULTURAL MOVEMENT (AAM)

AAM, formed in 1977, is the newest of the general farm organizations. Its membership consists of a large number of new farmers and those who have recently expanded their farming operations. Their most effective lobbying technique has been to bring large masses of farmers to the Nations' Capital to confront Congressmen and USDA officials directly.

Minimum Price Law/Mandatory Supply Management

AAM proposes that a minimum price be established for all agricultural commodities as an alternative to current price support programs that rely on nonrecourse loans and target prices. The AAM's proposed program would be similar to the minimum wage law; it would be illegal to buy or sell any agricultural commodity below a minimum price. The minimum price would be set at a percentage of parity or at a cost of production that included a return to labor, management, and investment.

Support prices for all agricultural commodities, including dairy, should be set at 90 percent of parity should a minimum pricing plan be rejected by Congress. The parity index would be revised, and would be computed from a 1949-50 base period. Using 90 percent of parity would necessitate an increase in support prices, according to AAM. AAM also suggests removing the payment limitation on deficiency payments made to producers.

A mandatory supply management program would be coupled with the minimum price law. Bushels or pounds rather than acres would be used as the basis for controlling supply. A formula that accounts for beginning stock inventories would be used to annually set production levels for each commodity.

Export/Import Policy

A two-price system with higher domestic and lower export prices would be incorporated to expand exports. Government would provide the necessary subsidies to reduce the export price to the desired level.

No imports of any agricultural commodity would be allowed at less than the established minimum price. All imported agricultural products or products containing imported agricultural commodities should be labeled to show the country of origin. All imported products should meet the same inspection and quality standards required of U.S. producers. Imports of agricultural commodities containing chemicals and substances banned from use in the United States should be forbidden.

Grain Reserve Program

AAM supports continuation of the reserve program. The entry price would be set at a level 10 percent above the established minimum price. Reserve releases would depend on current stock inventories rather than on trigger prices.

Farm Credit

AAM believes that private lending sources rather than FmHA can serve better farmers' financial needs and therefore should provide the major sources of

farm credit. FmHAs' role in farm credit should be to provide up to 90 percent loan guarantees with private lending sources.

All current outstanding loans with FmHA should be analyzed on an individual basis. Those loans at or near deliquency should be rescheduled over as many years as necessary to allow repayment.

Conservation

A 5- or 10-year program designed to idle marginal lands should be established. AAM supports sod buster legislation designed to stop the plowing up of marginal lands and building up of cropland bases and yield history. Soil and water conservation programs should be refunded to provide assistance to farmers in the preservation of such precious resources for future generations.

AFBF was founded in 1919 and is the largest farm organization in the United States. The organization began as a means of helping farm families meet their education and research needs, and has traditionally believed in reducing Government involvement in agriculture.

AFBF favors a market-oriented policy approach for 1985 and beyond. They believe that supply and demand factors, rather than Government intervention, should determine production and prices.

They recognize that all commodities are interrelated and any change in supply, demand, or price of one affects the others. Therefore, careful consideration should be given to the economic impact of a major change in one commodity's policy on other commodities before such policy is approved.

AFBF recommends that loan levels for wheat, feed grains, and rice be related to a three to five year average domestic price. Loan levels should not provide incentives for production that exceeds demand in domestic and world markets. Those levels should be adjusted annually, and adjustments should not exceed 10 percent.

The farmer-owned grain reserve should be terminated and replaced by price support loans to wheat and feed grain producers without interest for a 9-month period. A 9-month extension should be made available which would include a charge for interest.

AFBF calls for the continuation of target prices and deficiency payments. They oppose any form of payment limitation on the commodity price support programs on grounds that payment limitations limit the effectiveness of any production adjustment provisions.

Soil and Water Conservation

AFBF supports additional incentives to encourage producers to put diverted acres into permanent soil conserving use. They oppose economic incentives that would artificially stimulate producers to bring fragile lands under cultivation. Fragile lands are defined as those lands highly subject to wind and water erosion that have a projected erosion rate in excess of 5 tons per acre per year in the absence of soil conservation practices. Compliance with conservation programs should not be required as a condition of eligibility for farm program benefits.

Wheat and Feed Grains

A voluntary acreage reduction program should be automatically implemented when domestic wheat or feed grain carryover exceeds 4 percent of annual world utilization. The reduction should be large enough to limit production and inventories so that projected carryover at the end of the crop year will not exceed 3 to 5 percent of world utilization. USDA rules and regulations implementing production and acreage reduction provisions should include considerations for normal summer fallow practices.

A more equitable basis for determining proven normal yields to assist livestock producers should be developed. In the event of transportation problems during periods when reserve grain is being released, AFBF urges that Government storage payments be continued until the redeemed grain is shipped.

Cotton

A voluntary acreage reduction program should also be implemented when the U.S. cotton carryover exceeds 3.5 million bales. On other cotton issues, the AFBF:

1. supports instrument classing of cotton,

2. recommends that cotton grade standards be reevaluated to assure that standards accurately reflect the value of cotton,

3. supports expansion of the boll weevil eradication program,

4. opposes excessive OSHA standards on cotton dust,

5. opposes a reserve program for cotton, and

6. supports legislation which prohibits the changing of the classification on a bale of cotton after it leaves the grower's control.

Rice, Soybeans, and Sunflowers

For soybeans, AFBF opposes acreage controls, marketing quotas, and the establishment of a soybean reserve program. They oppose a rice reserve, and the establishment of a sunflower loan and reserve program.

Sugar

AFBF supports a program to protect the interests of domestic sugar producers and recommends that new farm legislation include a sugar title with provisions similar to the present program.

Tobacco

AFBF favors a loan program for each type of tobacco that results in no net cost to the Government. They believe that it is essential that USDA continue to provide grading services and loan programs for tobacco marketed in loose-leaf or hand-tied form. They support domestic and foreign buyers' privileges to purchase tobacco directly from tobacco cooperative loan associations.

Peanuts

AFBF recommends that the practice of combining peanut farms which have a common ownership but are located in adjoining counties be allowed to continue. They recommend that allotments or quotas for peanuts not be transferred across county lines by sale or lease.

USDA should continue its present policy regarding price support loans for for peanuts with aflatoxin. Only sound mature kernels and sound splits should be tested to determine the presence of aflatoxin since loose shelled kernels and other kernels are not used for domestic edible use. Producers should be allowed to reclean the load when aflatoxin is discovered in loose shelled kernels, since the loose shelled kernels are often the only source of the aflatoxin, according to AFBF.

National Dairy Program

AFBF favors automatic adjustment of the milk price support level with the adjustment related to the net amount of dairy products purchased by the Federal government. The organization opposes any future producer assessments.

Programs should work towards marketing milk on a protein-content basis as well as on a fat-content basis. The Food and Drug Administration should increase minimum standards for milk using current California standards as a guideline.

Substitutes for traditional foods should be labeled with names that make no references to the products being imitated. AFBF does not object to new food products entering the market; however such products should stand on their own merits.

They support research to determine a "no-effect" level for antibiotics in milk.

They approve of regulations which provide for and require the inspection of all imported dairy products at the port of entry. They recommend that imports of dairy products be prohibited from any nation which USDA has not determined to be free of both foot-and-mouth disease and rinderpest. They support the establishment of an import quota for casein.

COMMUNICATING FOR AGRICULTURE (CA)

CA was organized in the mid-1960's by a group of Minnesota dairy farmers and creamery operators who were concerned about issues affecting rural America. The rural advocacy, nonprofit organization has over 40,000 members in 40 States. They address issues ranging from estate tax reform, beginning farmer programs, transportation, rural education, to soil and water conservation, and advocate farm policies that promote family farms, ranching, and rural communities.

Farm Debt Restructuring Plan

CA proposes a farm-debt restructuring plan built on present programs and targeted to farm borrowers who are in financial difficulty but do not qualify for consideration by FmHA.

According to CA, this group is a relatively stronger class of farm borrowers than normal FmHA borrowers. Their problem is that their cash flow is inadequate under current high interest rates and low commodity prices, although their basic personal net worth and equity remain relatively strong. This group of farm borrowers could pay off their debt obligations with an extended debt repayment schedule and a lower interest rate. With certain modifications, the CA proposal utilizes the existing FmHA Approved Lenders Program and the Direct Loan Program (Insured Operating Loan and Limited Resource Program).

FmHA Approved Lender Program

An FmHA-approved commercial lender makes, services, and collects the loan, reducing the paperwork and time required for FmHA approval of loan guarantees. The lender is responsible for seeing that proper and adequate security is obtained and maintained. FmHA makes the final decision on farmers' eligibility, use of funds, and credit worthiness.

CA's modification would cap the interest rate (which currently cannot exceed the rate common in the area) at 2 1/2 percent above the discount rate (that rate which the Federal Reserve charges its member banks). The lender would share the risk by accepting a 50 percent guarantee.

FmHA Direct Loan Programs

The second basic change would combine the Approved Lender Program and the Direct Loan Programs into a single blended credit package for farm borrowers. The pre-FmHA approved commercial lender would process the paperwork for FmHA operating loans using the commercial lender's forms. FmHA would still make the final loan decision under a shortened turnaround approval or denial. Upon completion of paperwork by the commercial lender, FmHA would have 3 weeks to reach a decision. Failure to respond would mean that FmHA approved the loan. Appraisals would be done by an appraiser approved by FmHA. Another change would be to share security on a pro-rated dollar value basis.

According to CA, the modified debt restructuring program would help farm borrowers in many ways:

1. The banker would use the bank's own (pre-FmHA approved) loan forms familiar to both the borrower and the banker, reducing FmHA's paper-handling load.

2. Credit would be available on a much quicker basis, assuring that available loan funds reach eligible farmers as quickly as possible.

3. The banker and borrower are familiar with each other, helping to insure that better loans would be made.

4. Risk is shared by the farmer, lender and the Government.

5. Debt is restructured by adding the Direct Loan Program, and interest is lowered by capping the Approved Lender portion and offering the lower Direct Loan Program interest rate.

6. The program utilizes the authority of FmHA, the types of funds which are already available, and adds the expertise of Commercial Lenders.

Individual Farmer Accounts

CA proposes an Individual Farmer Account program that would function similar to the Individual Retirement Account program. It would help farmers stabilize their incomes by deferring income from good years to bad. Deposits would be tax free and generate a credit. Funds could be withdrawn in years when income is low and taxes would be paid at correspondingly lower rates. The proposal has the following main features:

1. Deposits are voluntary and earn interest. They are designed to encourage farmers to save in normal years to protect against low income periods.

2. Farmers with less than $17,000 nonfarm income and gross sales of less than $150,000 are eligible.

3. Tax deductions and credits depend on deposits made and farm sales. Farmers with $40,000 in sales or less receive a tax deduction equal to the deposit. The deductible share of the deposit declines as sales increase, and is zero for farmers with $150,000 sales.

4. Farmers with $40,000 in sales or less receive a tax credit equal to one-half their deposit, up to a maximum credit of $2,000. The tax credit declines as sales increase, and become zero at $150,000.

5. The maximum deposit in any year would be $10,000 or 10 percent of sales, whichever is smaller. The maximum size of an account is 25 percent of a 5-year average of gross sales.

6. Withdrawals from the IFA are taxed in the year made and could be made without penalty only if the account holder is still farming and gross sales in year of withdrawal decline 20 percent or more while area farmed is unchanged, or the farmer has retired.

7. An IFA is a nontransferable asset. If the account holder wished to transfer the value of the asset to children or use it for other purposes, the account must be liquidated, in which case the withdrawal is taxed. When the account holder dies, the account is liquidated automatically.

Price and Yield Insurance

The current Federal all-risk crop insurance program offers coverage against both low yields and prices, but farmers collect payments for low prices only if they suffer a yield loss.

CA suggests a limited pilot program offered initially for soybeans that allows farmers to collect payments for low prices. The program would have the following general features:

1. It would operate in conjunction with the current crop insurance program and be administered by the Federal Crop Insurance Corporation.

2. The yield insurance component would be operated almost exactly as it is now. Farmers would select among three yield and price options, with the guarantee level based upon historical county or individual yield data.

3. The price guarantee would be fixed annually on the basis of national average cost of production, excluding land, and announced prior to the signup period. The selected price target would be used to compute both yield idemnity payments and price losses. Price losses would be computed as the difference between the selected price target and the national average price for the covered commodity.

4. Premiums for yield insurance would be subsidized as they are now. The price insurance premium would be based upon the price guaranteed and past price variability. Since premiums for price insurance cannot be estimated actuarially, they would be established on the basis of affordability and reasonable cost to the Government.

5. Premium subsidies for price insurance would be offered only for farms with less than $200,000 in sales.

NATIONAL FARMERS ORGANIZATION (NFO)

NFO was formed in the 1950's and emerged as a major farm organization. The organization attracted farmers who were interested in receiving better prices for their products. They advocate the use of collective bargaining as a means of obtaining higher prices for farmers.

The organization recognizes the need for a Federal price support program so long as producers do not bargain together in sufficient numbers to set their own prices. In order to reduce the Treasury cost of farm programs and make them more effective, NFO suggests that the Congress consider:

1. establishing legal minimum prices for all agricultural commodities based upon fair costs of production,

2. administering such prices through local marketing orders, approved in referenda by producers, and

3. making a soil-conserving requirement a part of the program.

If current price support programs are continued, then NFO believes an increase in loan rates, cancellation of the target price concept, and a mandatory supply management program, all contingent upon a producer referendum approval, should be implemented.

NATIONAL FARMERS UNION (NFU)

NFU was formed in 1902 and attracted farmers who did not respond to the more conservative philosophies of the Farm Bureau and the Grange. While organized in 30 states, the NFU's membership is concentrated in the Great Plains States. NFU maintains that Federal policies and programs are essential to protect family farmers against the hazards of the marketplace.

They believe that parity is the best economic yardstick to use in measuring prices and incomes received by farmers and serves as a basis for establishing farm stabilization goals and support program levels. The Secretary of Agriculture should excerise the powers conferred upon him by Congress to maintain parity prices to farmers for all agricultural commodities. Price supports for each commodity should be expressed in terms of parity.

CCC loan levels should be maintained to cover production costs incurred by producers. When this does not occur, target or deficiency payments should be made to producers in an amount equal to the difference between full parity price and the average market price on the first 10,000 units of production. Payments thereafter would be made in an amount equal to the difference between 75 percent of parity and the average market price. A realistic limitation on payments must be applied which gives preference and protection to the family farmer and the family farm system of agriculture.

Interest rates on commodity loans should be graduated, with the minimum charge set at one-half of the Government's cost of money on the first $25,000, but increasing to full cost for loans received in a crop year exceeding $75,000 cumulative value.

Lending operations of the ASCS should be expanded to build on-farm commodity storage, drying, and handling facilities on family farms, and to offer loans on the same terms to farmers who choose to invest in cooperatively owned storage facilities located nearby. Loans would be repayable at low rates over a period up to 7 full crop years. Commodity loan storage payments should be equalized both nationally and between commercial facilities and on-farm storage.

Supply Management

NFU recognizes that failure of the production and marketing system to provide and utilize adequate supply management mechanisms is the greatest barrier to farm price parity. They recommend a strict manadatory supply management program for all agricultural commodities, to avoid any future stock acquistions.

NFU supports a mandatory set-aside program for wheat, feed grains, soybeans, cotton, and rice. When the market price of a storable commodity is at or below 90 percent of parity, there should be an automatic set-aside of not less than 10 percent of the commodity. Any paid diversion program should provide equal treatment for wheat and feed grains. In the absence of a cash incentive program, unrestricted grazing and haying on all set-aside acres should be allowed.

The organization opposes a bidding system to put land into a reserve. Normal cropping patterns and farm practices must be allowed to continue under set-aside regulations. Base acres for crop reduction programs should be determined by a 3-year average in order to reflect normal land use more accurately. Those failing to participate in acreage reduction programs, but later seeking entry into those programs, should have their base acres determined on the basis of their planted acres when they last participated or the acres equivalent to the percentage of planted acres versus idle acres that are average for the county. Summerfallow and fall grazing are practices which should be allowed as a set-aside. Also, farmers should be able to seed 50 percent of cropland acres and still be eligible to qualify for the program.

Any entity engaged in farming that breaks up native grassland or wooded land should not receive benefits of crop-base history, price supports, or pay-base acres on crops raised on such land until after a 5-year proven yield has been established.

Farms participating in deficiency payment or commodity loan programs should be encouraged to participate in available soil conserving practices developed and implemented by local ASCS, SCS, and Soil and Water Conservation districts.

Any future PIK programs should include safeguards to protect against further market price depression and maintain the viability of the reserve and the commodity loan and target price programs. Specifically, provisions should be included which will:

1. establish a minimum price on commodities used for PIK,
2. protect the integrity of the farmer-owned reserve program,
3. protect the rights of renters,
4. establish equitable treatment of the various commodities,
5. provide for orderly marketing of the commodities released,
6. oppose a bidding system to put additional land into the PIK program, and
7. establish eligibility for all PIK commodities for the regular CCC loan program.

Commodity Stabilization

Wheat and Feed Grains

A price stabilization and supply management program for wheat and feed grains should include:

1. An effective floor price to protect producers.
2. A farmer-held grain reserve program that is large enough to serve as an "ever-normal" grainary for farmers and consumers. It should be expanded to include all nonperishable farm commodities. To be effective for farmers, the program must provide sufficient incentive to participate; loan, release, and call levels must give a positive upward thrust to

farm market prices. A supplemental loan level should be established for all commodities destined for the reserve of at least 10 percent above the regular loan or support, and a release level should be set at not less than 120 percent of the supplemental loan level with a call level of not less than 140 percent of the supplemental loan level.

3. Oats and barley in any feed grains program.

4. Consideration for silage corn in computing feed grain program benefits.

Dairy

NFU supports the concept of a paid diversion program for dairy. Any supply management program should guarantee dairy producers a fair income in return for reductions in milk production and not reduce the dairy price support level for base levels of production. NFU urges Congress to explore the possibility of instituting target prices for milk.

One national milk marketing order should be established to allow mutual price opportunity to all dairy producers. Legislation adopting component pricing of milk, including the use of protein, should be enacted.

Major reductions in the current import levels of foreign subsidized casein should be instituted. If casein is to be used for food, it should be transported as a food and inspected by the USDA. Since dairy imports displace millions of pounds of U.S. produced milk annually, the annual import level should be added to the 7.5 billion pound trigger level in the dairy program to protect the support price to U.S. farmers.

Every effort should be made to reduce current Government-held dairy stocks, including full funding of the school milk program. Efforts should be made to increase consumption among those Americans who currently cannot afford to purchase dairy products. NFU urges the establishment of a pilot program which would assist low and moderate income families to purchase dairy products, possibly through the use of consumer discount coupons. They further urge the Secretary of Agriculture to issue "bonus" food stamps designated specifically for the purchase of real dairy products.

Recognizing that brucellosis continues to be a problem for livestock producers, adequate funding should be provided for the eradication of the disease. Also a dairy indemnity program, similar to that under the 1977 Farm Act, should be reinstituted.

Oilseed Crops

Adequate support levels, supply management measures, and access to the farmer-held reserve are needed for oilseed crops that include soybeans, cotton, and sunflowers.

Cotton

NFU opposes cotton loan levels based on a fixed domestic spot market formula or on a particular foreign cotton exchange. Instead, the cotton loan level should be set on the same basis as other major commodities. Loan price premiums and discounts for grade and staple should be based on weighted actual market sale prices.

Peanuts

NFU calls for a continuation of the quota support price system and mandatory supply control in peanuts. They recommend that the 1986 support level be set at 100 percent of parity. The minimum quota poundage for 1986 should be established at 1,400,000 tons and for subsequent years, that estimated domestic consumption plus a 10 percent carryover be established as the quota poundage. The support rate on additional peanuts should be at a rate that results in no program losses to the CCC.

Rice

Congress should adopt a rice program which assures a reasonable supply/demand balance as a basis for improving the price support level, toward the objective of full parity at the earliest date. In the absence of adequate demand, NFU unalterably supports limiting production, use of export subsidies, and expansion of P.L.-480 type programs.

Sugar

Sugar support levels should be provided at not less than the full cost of production, adjusted annually. They support sugar growers in their negotiations with processors to achieve at least cost of production, so that a domestic industry will be maintained.

The 1978 International Sugar Agreement should be renegotiated to provide a price range, beginning at not less than the U.S. minimum support level proposed above.

Dry Edible Beans

Existing law should be amended to make dry edible beans eligible for price support loans.

Tobacco

NFU calls for strong enforcement of the existing Federal law relating to grading and selling of tobacco, and when feasible, supports alternative marketing systems and concepts which increase farmers' marketing control over their commodities. They urge that the poundage allotment be brought into balance with supply and demand.

Risk Sharing Measures

The impact of natural disasters on the economic interest of producers must be recognized. NFU supports a program to make feed grains and forage available at federally subsidized prices to livestock producers stricken by drought or other natural disasters to enable them to preserve basic herds, with safeguards to assure that program benefits go to bona fide family farmers and ranchers.

New comprehensive all-risk crop insurance programs should provide for adequate insurance protection covering all costs against all natural disasters at a cost relative to normal risk. Current protection offered by the Federal Crop Insurance Corporation is far below the high cost of production. Therefore, they urge that the program provide optional coverage up to 100 percent of the county yield in the best 6 of the past 10 years to protect producers against the inflationary costs of production.

Farmers Home Administration

The FmHA has been given increasing responsibilities in a wide range of activities serving rural America. The result has been that farmer loan programs have become a minor percentage of FmHA's total annual loan portfolio. Other responsibilities have made it impossible for FmHA to give adequate priority to farm ownership and operating loans, according to NFU.

Therefore, NFU calls for the reorganization of FmHA. Its responsibilities in rural development, such as housing, community facilities, and business loans, should be consolidated with other similar agencies into a Rural Development Administration. Its farm loan programs should be brought together, with additional authorities, under a Family Farm Recapitalization Administration which would be restricted to assisting family-sized farm units as the lender of last resort, and providing supervised loan programs for the recapitalization of family farms. It would have authority to provide long term real estate loans, with adjustable interest rates and flexible repayment schedules in accordance with the producer's annual net farm income and crop production to assist undercapitalized and beginning farmers. This agency would also work closely with State programs designed for beginning and undercapitalized family farmers, and would be able to supplement and guarantee such programs.

Farm Credit System

NFU opposes Administration recommendations which would reduce the Farm Credit System's capacity to raise funds for agricultural lending by as much as 75 percent. The three sectors of the Farm Credit System obtain their loan funds by sale of securities in the money market. Government loan funds are not involved in Farm Credit lending, nor are the securities guaranteed in any way by the Federal government. Restricting the System's ability to raise its capital or impeding its access to the Nation's money markets in any way would appreciably increase the cost of money to its borrowers, according to NFU.

Limited Resource Farmer Assistance Program

NFU calls for a "Beginning or Limited Resource Farmer Assistance Program" which would provide Federal guarantees for loans, leases, and sales of land to individuals who are are qualified to enter farming but who do not have or cannot acquire the financial assets to do so. They urge a joint Federal-State cooperative effort to assist beginning and limited-resource farmers to acquire an economically viable family farm enterprise.

Special income tax incentives should be provided to landowners and retiring farmers who sell farmland to beginning or limited-resource farmers. In developing any such tax credit programs, benefits should be targeted to landowners willing to sell their land at a price based on its productive capability. Such a program should be promoted to provide for the orderly transfer of land prior to the seller's death and should be complementary to estate planning and estate and gift tax policies.

International Trade

Farmers must have assurance that they will have access to world markets. NFU believes that contract sanctity laws are necessary, but that such laws do not increase prices in the event of a trade stoppage. Therefore, they urge Congress to require that price supports at 100 percent of parity be automatically triggered if future embargoes are imposed.

An agricultural commodities marketing board, elected by agricultural producers, should be established to negotiate and transact export sales of agricultural commodities produced in the United States. Such a national agency should be the exclusive contracting agency for the sales and pricing of all agricultural commodities that are imported or exported, and should give preference to farmers' cooperatives in selecting agents of the board for handling export sales.

The revolving export credit fund and blended credit programs have provided USDA with potentially useful tools for expanding sales with existing trading partners and for opening new markets. However, those export subsidy programs, without measures to raise the level of grain export prices, are likely to be self-defeating for the reason that they are, in effect, grain price reductions and are apt to result in a grain price war harmful to all exporters, according to NFU.

Access to export markets is important but, if there are to be future gains in export earnings, they will more likely have to come from higher prices on grains. NFU believes that all international trade policies must be formulated with this vital consideration in mind.

International Trade Agreements

Negotiations for a new international grains agreement should be resumed promptly. NFU recommends that a new grains agreement should provide for:

1. All grain trade to be conducted within a range of minimum and maximum price levels. The minimum pricing levels must provide a return above the comprehensive cost of production to producers.

2. World grain reserves to be maintained as a responsibility of both exporting and importing countries.

3. Equitable sharing among both exporting and importing countries of the responsibility for and the cost of reserve stocks and food aid, and adjusting market supplies in order to maintain prices within the desired range.

They ask that if for any reason an international grains agreement cannot be reached, that grain exporting countries form an agreement, or the United States take unilateral action, to provide minimum world trade pricing levels that provide a return to producers to cover costs of production and a reasonable profit.

Emergency Food Programs

NFU supports efforts to supply surplus farm commodities to underdeveloped nations that are not able to afford to buy the food they need, and to assist in construction of adequate storage facilities. They recommend that such food aid and required funding for distribution also be made available to appropriate domestic charitable organizations.

Starvation in other countries should encourage the United States to use whatever means are available through the World Food Program and U.S. Food for Peace program to cope with this problem. They further recommend that stored commodities under CCC loan or purchased by CCC be moved through the Food Bank Program when storage life of the product has been reached.

P.L.-480

P.L.-480 agreements should be designed to foster expanded markets for U.S. farm commodities through development of long-range, two-way trade between the United States and countries receiving P.L.-480 imports.

NATIONAL GRANGE

The National Grange originated in 1867 and is the only farm and rural commumity family organization in the United States encompassed in a fraternal order. There are affiliated member chapters in 41 States. The Grange believes that the medium-sized traditional family farms, (those farms that make up a little less than one-fourth of all farms, and produce nearly 40 percent of the total output), should be the major recipients of the economic benefits of Federal farm programs.

Commodity Loans

The Grange favors a flexible loan rate for major commodities set in relation to an appropriate index of world market prices.

Reserves

The farmer-owned reserve (FOR) should be continued with limits placed on the amount of a specific crop any one farmer can place in the reserve. To discourage excessive use of the regular loan program and prevent eventual build-up in Government-owned stocks, similar limits should be placed on the regular loan program, according to the Grange. The Secretary of Agriculture should have the authority, with guidelines established by Congress, to set the loan rate and the release price for commodities placed in the reserve. Storage payments should be continued at a rate that covers the cost of onfarm-storage. The Secretary of Agriculture should have the authority to waive interest in line with the supply/demand situation.

Target Prices

The current target price deficiency-payment program encourages production and therefore should be restructered. The program could be based on financial need or in relationship to volume of production, (that is, the lower the production, the higher the payment).

Production Control Programs and Conservation Reserve

Voluntary set-aside programs as an eligibility requirement for program benefits should be continued, with compliance based on units of production (pounds, bushels, or bales) rather than on acreage. Cross compliance between crop programs and provisions for a paid voluntary acreage diversion program should also be included in new farm legislation.

Adjustments should be made in the individual acreage bases used in calculating commodity program benefits eligibility. Future farm policies should discourage incentives to bring highly erodible land into production and should provide incentives to crop only the least erodible acres, those acres with comprehensive conservation measures in place, those acres on which practices are instituted that reduce the need for substantial irrigation in aquifer-threatened areas.

A longterm paid conservation reserve of perhaps 20 million acres of cropland identified as highly erosive or a major threat to ground water supplies should be coupled with a short-term paid land conservation reserve program. The shortrange program would be implemented when FOR stock levels reach more than a normal carryover. The land would be converted to soil-conserving uses with premiums for diverting more erodible land.

Dairy

The Grange supports legislation to establish a dairy stabilization plan that reduces Government costs, preserves the price support program based on the parity concept, and establishes a National Dairy Board to assist in administering the program.

A trigger mechanism must be timely, simple and responsive to prevent wide fluctuations between supply and demand. When the trigger mechanism calls for a reduction in supply, the following programs would be activated to control production:

1. an assessment program which considers overproduction in different areas of the country rather than reduction in parity,

2. if over-production persists, the National Dairy Board would implement a base price plan. The base would be determined by using the previous 3-year rolling average. Participants in the previous diversion program would receive credit for their reduced base.

WOMEN INVOLVED IN FARM ECONOMICS (WIFE)

WIFE is a nonprofit agricultural association of women organized in 1976 for the purpose of developing and promoting agriculture in the United States. It is an independent organization and not an auxilliary of any other farm organization. This "grass roots" organization has members in 40 States.

WIFE recommends that any new farm legislation should be a long-term (longer than four years), bipartisan plan for agriculture. They favor a program which would establish and protect a price recovery system for U.S. commodities in the marketplace that allows a profit to the producer. Legislation must be addressed in the following areas:

Cost Recovery

Loan rates, or a floor, must be established at no less than the cost of production or 75 percent of parity, whichever is higher. Legislation must be written to ensure that loan and target prices go up in direct proportion to the cost of production.

Supply Management

The program must provide a well-defined mechanism for balancing production with domestic and export consumption levels and a reasonable carryover. They recommend a set-aside, or supply-management program contingent upon an annual review of the actual carryover stocks. The carryover level established for each commodity should trigger implementation, thus eliminating any Secretary of Agriculture's discretion. WIFE strongly recommends that a set-aside or supply management program be based on units (bushels, tons, or pounds) rather than on acres.

Trade and Market Development

Policies must be implemented to build and protect export markets over the long run. Continuation of P.L.-480 programs is important for developing longterm markets for U.S. producers. Exports at lower than cost of production are not acceptable.

WIFE opposes the embargo of agricultural products by the U.S. Government in any effort to chastise other nations of the world, unless it be a complete embargo of all U.S. technology and products. If such a complete embargo is implemented, steps should be taken to insure that American products will not arrive in the embargoed nations through a third party. Compensation should be made through the State or Defense Departments to U.S. agricultural producers in cases when commodities, necessary for survival, are used as foreign policy weapons.

Cargo Preference Legislation

Cargo preference legislation is a deterrent to increased export sales and costs jobs with loss of sales, according to WIFE. They support the concept of a strong merchant marine only if the additional costs of cargo preference shipments are funded from sources other than the USDA and AID.

Federal Crop Insurance

WIFE calls for a renovation of the Federal crop insurance program which would put ASCS offices in charge of determining which land is insurable. There should be a direct relationship between coverage and premium.

Farm Credit

Farm credit is an issue that must be addressed immediately. WIFE feels that an evaluation and investigation of the Farm Credit System should be carried out. They further urge Congress and the Administration to initiate legislation to develop massive agriculture debt restructuring.

COMMODITIES

AMERICAN MEAT INSTITUTE (AMI)

AMI is the Nation's largest trade association of meatpackers and processors. They represent both large and small meatpacking companies. The Institute has about 450 members throughout the country employing approximately 110,000 people. They support the following general principles for agricultural policy:

1. competitive market orientation--the role of Government should be minimized,

2. flexibility--the ability to adapt to changing domestic and world economic conditions is important,

3. low Government cost--Federal budget exposure should be kept at a low level,

4. international competitiveness--domestic policy should not lead to erosion of export markets, and

5. consistency--there should be an assurance that policies will provide consistent longterm direction and will not be changed at will for short-term expediency.

Price and Income Supports

Price supports, and particularly those for feed grains and milk that indirectly affect the livestock sector, should not be set at levels that consistently exceed global market clearing prices. When price supports are set above market clearing levels, surplus stocks accumulate, and frequently this precipitates destabilizing Government interventions, according to AMI.

Target prices for feed grains should be eliminated. When income support is desired for farmers it should be labeled as such and provided by direct subsidy rather than by deficiency payments.

Loan rates should be retained but only as a safety net and they should not be set at levels that impede market price signals or interfere with the normal functioning of the market. Loan rates for feed grains should be linked to global prices, for example a moving average price, and should be independent of administrative or congressional action.

Reserves

CCC Reserves and the farmer-owned reserve (FOR) should provide a buffer against droughts and other unforeseen events and should serve to stabilize prices, according to AMI. A cap equal to 15 percent of the previous year's consumption should be imposed on the feed grains FOR. Release prices should be realistic and sufficiently staggered to assure that supplies will become available in an orderly manner.

Production Controls

AMI opposes policies reducing acreage or directly restricting production that are not accompanied by reductions in price supports.

Other Provisions

The conservation of soil and water and protection of natural resources should be encouraged.

Policies that help promote international trade of meat and meat byproducts should be encouraged. A new round of GATT negotiations with agriculture as a central agenda item should be considered. Domestic protectionism is opposed.

Avoid Conflicting Commodity Provisions

Policies that pit one commodity group against another should be avoided. Unrealistically high price supports for grain or inconsistent policies that cause year-to-year grain price variability are damaging to the livestock sector, according to AMI.

Transition Measures

Short-term measures to ease the transition to a more market-oriented agriculture are desirable, provided they do not obstruct the allocation of resources or impede longterm market adjustments. Targeted assistance should be considered only as a temporary measure. Short-term assistance should not shelter inefficient producers from inevitable market adjustments, and should be employed for only a limited time period.

Reform in Food Safety Laws

In addition to it positions on 1985 farm legislation, AMI favors reform in the Nation's food safety laws. They believe that some concepts embodied in the current food safety laws are old and outdated. The laws have not been changed to take into consideration new technology that can detect the most minute traces of substances. They allow no flexibility in regulatory decision-making and therfore certain reform is needed, according to AMI.

NATIONAL BROILER COUNCIL (NBC)

NBC represents producers and processors of broiler chickens, poultry distributors, and companies supplying allied services and equipment to the broiler industry.

NBC favors a market-oriented agricultural policy that includes price supports set at market-clearing levels. Although it is desirable to protect producers from unreasonably low prices, supports should not be used to shelter inefficient producers.

Future farm support programs should not only be less costly, but also more flexible to encourage producers to adjust to changing market conditions. NBC feels it is critically important for domestic farm programs to reflect the realities of a world economy. The United States encourages increased competiton abroad when domestic farm supports are above market-clearing levels and when embargoes damage the United States' reputation as reliable suppliers of agricultural commodities, according to NBC.

NBC feels that current grain reserve policies impact unfavorably on livestock and poultry producers and on consumers. They recommend applying a cap to limit the entry of eligible commodities with more realistic release prices and sufficiently staggered releases to assure that supplies will be available to the market when needed.

NBC opposes two-tier pricing systems for commodities that result in export prices that are lower than domestic prices. They believe that two-price systems are unfair to U.S. consumers and domestic users of agricultural commodities and should not be included in any new farm legislation.

NBC recognizes that programs designed to benefit one commodity often have adverse impacts on other commodities, (particularly nonsupported commodities). According to NBC, almost two-thirds of gross farm revenues in the United States come from commodities not directly covered by farm programs. Therefore, special efforts should be made to avoid any action on behalf of a supported commodity that could prove harmful to nonsupported commodities.

NATIONAL CATTLEMENS ASSOCIATION (NCA)

NCA is a National Trade Association which represents over 245,000 farmers, ranchers, breeders, and cattle feeders, through 50 affiliated State and 20 breed registry associations.

NCA has remained fairly general in making farm policy recommendations for 1985. They base their approach on the concept of market forces determining supply and demand: Government policy interference in the functioning of the market must be minimized.

Traditionally the Association has not been as vocal as most other farm commodity organizations. Recognizing that farm policy has important consequences for the beef industry, NCA will be taking a more vocal role in formulating future farm policy as it affects their industry.

A major concern that NCA has voiced is that farm policies tend to focus too much on specific commodities with little regard for agriculture in general. As an example, the PIK program was hastily conceived and implemented with no effective cordinated analysis of its potential impacts on pork, poultry, or beef markets, according to NCA.

Basically, NCA favors any efforts that move agricultural commodities toward a more market-oriented approach where prices determine producer decisions. To achieve this objective loan rates for commodities should be lowered and perhaps structured along the lines of the soybean loan program.

Dairy herd reduction programs, PIK, and higher price support levels are potentially detrimental to the beef cattle industry, according to NCA. Artificially high grain prices and increased culling of dairy cows may lead to higher feed costs and lower beef prices.

NATIONAL PORK PRODUCERS COUNCIL

The National Pork Producers Council represents over 110,000 producer members in 38 affiliated States. The organization traditionally has not been involved in general farm policy discussions and pork producers have never asked Congress for any type of income support program for their commodity.

The Council believes that both a domestic and international market-oriented approach would best serve American agriculture and is concerned about dramatic shortrun increases in feed costs brought about by Government price support programs.

Canadian hog exports to the United States have risen sharply in recent years. Their hog producers are covered by a variey of Federal and provincial stabilization programs and according to the Council, have given Canadian producers an unfair advantage in the U.S. market. The Council favors legislation to restrict such imports if the U.S. Government determines that Candian pork producers are being subsidized.

As of this writing, the National Pork Producers Council has not developed policy positions on other specific issues. They will, however, develop specific farm policy positions as needed in the future.

NATIONAL WOOL GROWERS ASSOCIATION (NWGA)

NWGA is composed of 34 State and regional sheep organizations and is the national voice for the Nation's 126,000 sheep producers.

The wool incentive payment program, established by the Wool Act of 1954, has helped reverse the decline of the American sheep industry and has ensured the continuation of an industry that is vital to the U.S. economy, the textile industry, and the Nation's military according to NWGA. Also, the duties collected on imported wool far exceed program costs, benefiting taxpayers. Therefore, NWGA believes it is essential to retain the Wool Act.

The 1954 Wool Act, as amended, sets support levels for wool and mohair at 77.5 percent of parity. Payments on wool are based on the percent needed to bring the average market price received by all producers up to the support level. The average price received from the sale of wool becomes known early in the year following the program year for which payments are to be made. The percentage is applied to the producer's net proceeds from the sale of wool to determine individual producer's payments.

The percentage method of payments is designed to encourage producers to improve the quality and marketing of their wool. The producer who gets a higher market price for the wool also gets a higher incentive payment under this method.

Tariffs collected on wool imports finance the support program. The total of such incentive payments to producers at any time is limited to 70 percent of the total amount of the duties collected on imported wool and wool manufacturers.

NWGA requests that suport levels continue at 77.5 percent of parity. They strongly oppose any further reductions on raw wool tariffs. Lowering wool tariffs may jepardize the operation of the Wool Act as funding for incentive payments cannot exceed the equivalent of 70 percent of the duties on wool and wool manufacturers. Furthermore, NWGA believes that tariffs do not deprive U.S. consumers of quality wool, and any tariff reductions will not increase U.S. wool consumption. It is their contention that the U.S. industry must compete for its current market share against foreign products that enjoy virtually no environmental restrictions on production, and abundant and often inexpensive labor. The sheep industries in countries that export wool to the United States (principally Australia and New Zealand,) benefit from Government and political support, subsidized export programs, and well financed professional and promotional efforts, according to NWGA. They argue that tariffs are an essential means of compensation for the American industry in the absence of similar factors here in the United States.

NWGA feels that the unshorn lamb payment provision is important in encouraging family feedlot operations. It also eliminates the requirement that range producers shear their lambs prior to sale in order to collect the incentive payment.

They believe there is no reason to eliminate payments to producers with fewer than 50 sheep. Because payments are relative and represent a certain percentage of income to the sheep producer regardless of the number of sheep, there is no basis for eliminating payments to this segment of producers.

Funds are deducted from incentive payments made to producers and used for the promotion of the sheep industry. The promotion effort directs information about sheep products to both consumers and merchandisers. NWGA believes that an elimination of this vital program would deprive the industry of a method of equitably assessing growers for promotion programs.

TEXAS CATTLE FEEDERS ASSOCIATION

The Texas Cattle Feeders Association favors a competitive market-oriented system where market prices for all commodities determine producers' decisions.

Programs which provide short-term benefits at the expense of longterm goals inhibit a competitive market system. Programs that supplement farm income on a continuing basis through use of supplemental payments, price supports, production controls, or purchasing surplus stocks are a poor solution to keep the U.S. agricultural economy strong and comeptitive, both domestically and internationally, according to the Association.

Government intervention into agricultural markets is disruptive and distorts market signals of supply and demand. The Association believes that American agriculture needs to become more market-oriented, with market signals--not Government programs--determining types and amounts of commodities that are produced.

UNITED EGG PRODUCERS (UEP)

UEP is a federation of regional egg marketing cooperatives representing egg producers nationwide. Their members represent approximately 60 percent of the total U.S. egg production.

Although the egg industry is not directly included in any price support/supply management program as are other commodities, their producers are affected by farm commodity programs. Since feed costs account for 70 percent of egg producers' cost of production, UEP objects to any artificial feed price increases due to farm commodity programs.

They favor a more market-oriented support price program for agricultural commodities with flexibility to allow the Secretary of Agriculture to adjust loan rates to reflect world market conditions and market clearing levels.

When changes in farm commodity programs are considered by the Administration, the impact on users of grain must be considered. A program like PIK, which had a detrimental effect on egg producers according to UEP, should not be considered without considering countervailing measures to help users of grain.

UEP does not request any price support, income payment, or supply management program for egg producers. Instead, they recommend provisions to protect and improve egg markets both at home and abroad.

They believe that continued trade negotiations and increased use of blended credit to foreign nations would help develop egg markets. UEP is also considering anti-dumping legislation by use of import quotas or increases in countervailing duties to prevent further erosion of domestic markets by foreign subsidized egg imports.

Recognizing that cooperatives provide vital market outlets for producers, UEP supports any legislation to strengthen the cooperative system. They have also considered market orders and marketing boards to purchase and market all eggs. Such a market order program would have to comply with provisions authorized under the Agricultural Marketing Agreements Act of 1937. Egg marketing orders should consider the following provisions:

1. a board made up of egg producers would administer the program,

2. egg producers would be assessed a half-cent per dozen, sold basis, for funds to be used for research, promotion, and administration,

3. economic incentives would encourage voluntary participation in hen and egg removal programs to help control surpluses,

4. marketing allotments would be issued to producers regulating the quantity of eggs that could be marketed or the number of hens producers could own, and

5. assurance would be made that all eggs marketed meet USDA minimum quality standards.

AMERICAN BUTTER INSTITUTE (ABI)/NATIONAL CHEESE INSTITUTE (NCI)

ABI was founded in 1908 and represents independent firms and cooperatives that process, manufacture, and sell butter. Their members include Land O' Lakes, Associated Milk Producers Inc., Beatrice, and others, and account for 90 percent of the manufactured butter in the United States. NCI represents both independent and cooperative processors, manufacturers, and sellers of cheese. Founded in 1927, their members include Kraft, Mid America Dairymen, Borden, and other firms.

ABI/NCI recommends that the dairy price support program with annual adjustments be continued, but with certain changes:

1. the marketplace should provide the funds for farmer income enhancement through increased sales and profitability,

2. price support levels should be set at a level that will discourage overproduction, and

3. if it is necessary to reduce support prices, recourse should be provided to those who stand to lose financially. Such relief could take the form of a tax credit.

A deduction to help fund a paid diversion program is a tool that should be given consideration in future farm legislation, according to ABI/NCI.

The butter and cheese industries continue to be concerned about large CCC-held surpluses. ABI/NCI supported the legislation that permits recipient third-world countries to monetize the products they receive. Prior to passage of that legislation, it was difficult to transport commodities from the receiving point inland to the rural communities as they lacked suffient funds to pay for transporting the commodities. The result was that many of the commodities stayed in port and never got to those areas in need. New legislation allows private concerns within that country to purchase a portion of those commodities and resell them to raise funds. Such funds are then used to transport the commodities inland. The inability to monitize has severely restricted the export of dairy products according to ABI/NCI. They urge the Agency for International Developmeent (AID) and other Government agencies to use this legislation to reduce CCC inventories as rapidly and efficiently as possible.

The distribution of butter and cheese to needy families is a program that is seriously disrupting normal commercial sales, according to ABI/NCI. Increased efforts to ensure that only the eligible receive the surplus commodities, including verification of receipt, should be undertaken.

AMERICAN DRY MILK INSTITUTE, INC.

American Dry Milk Institute Inc. is the national trade association of the dry milk industry.

They recommend that a CCC purchase program for surplus dairy products (butter, cheese, and nonfat dry milk) be continued. New legislation should consider a program that reflects a minimum support level for the commodity products rather than establishing a maximum price level. Such a program might be tied to a sliding index reflecting production costs or it could be based upon supply/demand relationships with automatic triggering adjustments to ensure proper supply/demand balance.

The Institute suggests that new legislation address disposition of CCC stocks. Possible solutions could include:

1. Developing additional exports of existing or new products (dry whole milk formulated from butteroil and nonfat dry milk currently in CCC stocks). Export sales (at full price or concessional price), barter, or donations, should be included in the considerations.

2. Increasing domestic distribution of surplus commodity products in CCC storage without disrupting commercial markets.

3. Increasing the solids-not-fat content of fluid milk for Class I utilization.

4. Addressing an acceleration of payments for CCC-purchased products as a modification of existing inspection and grading procedures.

It is imperative that no provisions of the 1985 farm bill reflect an overreaction of the current supply/demand situation, as the industry is entering the initial period of a new dairy program aimed at curtailing milk production. It appears milk production will be lower than initially estimated under the new program and, therefore, the end result of such should be used as the basis for future actions, according to the Institute.

ASSOCIATED MILK PRODUCERS, INC. (AMPI)

AMPI is the nation's largest dairy farmer cooperative with 33,000 members located in 20 States throughout the Midwest, South, and Southwest. They produce about 12 percent of the Nation's milk supply.

Supply Management and Support Prices

AMPI recommends a tighter supply management program than is currently in effect. They favor permanent standby legislation to be made effective in conjunction with the existing price support program in those marketing years in which the Secretary of Agriculture estimates that CCC purchases of surplus dairy products will exceed a specified reasonable level, and suspended at the Secretary's discretion when estimated CCC purchases will be below that level. The plan would provide a system of "pooling" milk proceeds so that producers receive commercial market prices for their pro-rata share of commercial market sales as determined by their marketing histories, and a lesser price for any additional milk deliveries, without altering the prices charged handlers and manufacturers, provided that the marketing histories of producers participating in the dairy diversion program shall not be reduced as a result of such participation. Such a two-price system would eliminate the need for dairy assessments according to AMPI.

AMPI believes that support prices should act as a floor to assure some degree of protection to producers. They should not be set too low as producers would leave the industry and possible short-term supply shortages could occur, encouraging larger dairy imports.

Federal Milk Orders

AMPI is basically satisfied with current Federal milk marketing order policies. They urge continued use of the Minnesota-Wisconsin price series in Federal order pricing of milk, but recognize signs of obsolescence and the need to develop an acceptable alternative. They highly recommend retaining Class I classification for reconstituted milk under the Federal Order Milk Marketing System as set forth in the Agricultural Marketing Agreement Act of 1937. They support proposed regulations requiring increased minimum standards of total solids in processed fluid milk.

Imports

Import quotas for dairy products should be maintained at a level no greater than 1 percent of total domestic marketings of butterfat and nonfat dry milk solids for the preceding year. Countervailing duties equal to the total of production subsidies and export subsidies paid by governments of exporting countries should be imposed, consistent with fair trade guidelines. Quality and wholesomeness of imported dairy products should be assured by establishing standards equal to those required of domestic products and enforced through inspection by USDA of all shipments at all ports of entry. Every imported derivative of milk should be subject to quotas regardless of its product name or the product mix through which it gains entry. Dairy-product imports should be reduced until CCC purchases are reduced to 7.5 billion pounds of milk equivalent.

Beef imports should be restricted enough to maintain a reasonable cull cow price level. Freedom of access to the Japanese market for American beef must be made consistent with the freedom of access accorded Japanese industrial products to the American market.

Any assessment against U.S. dairy farmers should be assessed against imports on an equal amount based on milk equivalent. AMPI also supports assessment of the user of all imports on a milk-equivalent basis equal to domestic producer assessment.

AMPI believes that casein imports have displaced commercial use of domestic milk in growing numbers of food and feed products and consequently, they support legislation that will work to limit such imports. They also support legislation to reclassify casein as a dairy product rather than as a chemical.

Commodity Distribution

AMPI supports legislation to distribute commodities purchased by the CCC in lieu of food stamps. Dairy credit coupons should be used to supplement social security and food stamp benefits for the purchase of fresh milk. They also support additional cheese and butter give-away programs.

Component Labeling

Many dairy and meat products being sold to the American consumer today fail to clearly identify all components. AMPI supports legislation calling for complete component labeling of dairy and meat products that incorporate any imitation or foreign produced ingredients, including casein, in a manner as to permit quick and easy identification.

Milk Standards

AMPI supports legislative or administrative changes to require higher percentages of solids-not-fat in fluid milk products, believing that the improved nutritional value and taste appeal will enhance demand more than enough to offset sales losses due to slightly higher cost per unit (volume) to consumers. Such changes are necessary to provide revenues from the market to facilitate component pricing to producers of fluid milk. Both higher standards and component pricing are needed to more accurately reflect the low value of moisture as a milk component, according to AMPI.

LAND O' LAKES

Land O' Lakes is a full service agricultural supply and food processing-marketing cooperative owwned by more than 350,000 family farmers located primarily in 8 upper midwestern States.

Land O' Lakes advocates a long-term agricultural policy that provides producers and consumers with a certain degree of price stability. They suggest policies that share downside price risks with the general public through price supports, reduces price volatility to acceptable levels through farmer-owned reserve programs and short-term supply adjustment procedures, and expands and stabilizes demand for agricultural products.

Risk Sharing and Stabilization of Supply and Demand

Land O' Lakes favors a loan program set at a level so that it will not affect production decisions or resource allocation. Loan and target prices need a built-in self correcting mechanism that is responsive to market signals and still provides some protection to downside price swings.

Strong consideration should be given for production or income insurance programs for small producers, especially those embarking on internal growth. Such producers find it difficult to access capital markets in the same way that larger producers can, and therefore need some protection when natural disasters strike or the market takes an unexpected turn. Such a program should be cost-shared along the lines of the present all-risk crop insurance program, with the subsidy kept modest so that resources are not drown into areas that would not otherwise be productive or producers are kept in production who would otherwise not be able to survive.

A farmer-owned-reserve program is needed with loan and release levels set within the normal range of variability in market-clearing prices. Farmer-owned reserves are more attractive than Government-owned reserves because the political sensitivity of releasing grain for sale when prices rise is less when the grain is farmer-owned, according to Land O' Lakes.

Domestic Demand Enhancement

The Nation must continue and expand food distribution programs, school lunch and milk programs, and other domestic food aid programs to help improve domestic demand. Although Land O' Lakes supports the Food Stamp Program, additional methods (including distribution of surplus agricultural commodities) should be considered. The USDA should reexamine its distribution criteria to ensure that those products go to families truly in need and the amounts distributed are controlled at levels which do not interfere with domestic commerce.

Tax credits for the livestock sector would also help improve domestic demand. An investment tax credit for livestock producers, for example, would stimulate beef production and grain consumption, according to Land O' Lakes. Such a program would probably only be required when support programs in the crop sector are artificially raising feed costs.

Foreign Demand Enhancement

The United States must also develop more aggressive and innovative marketing schemes to help stimulate export demand. The Nation must recognize that trade is a two-way street and therefore must be willing import if it wishes to export. Certain reforms are also needed in GATT. The coverage of the agreement needs to be broadened and modified to include the centrally-planned economies and less developed countries with which U.S. agricultural trade is growing at a rapid rate.

Expand Export Credit Programs

Export credit should be expanded, especially to those markets where U.S. share is being lost to competitors employing unfair trade practices, or to those countries with growing debt problems. Land O' Lakes supports CCC loan gaurantees as provided in the GSM programs, and legislation which exempts exports under the Blended Credit Program from cargo preference legislation. They recommend that money be appropriated to the Agricultural Exports Revolving Fund which was authorized in the Agricultural and Food Act of 1981 but never funded. It would provide foreign countries with much needed short-term financing for agricultural imports and for construction of storage, handling, and processing facilities.

Increased Use of Bilateral Trade Agreements

Extensive use of bilateral trade agreements by competitors is a major reason why the United States has become a residual supplier of world grain, according to Land O' Lakes. The United States has limited its bilateral trade agreement efforts with the Soviet Union, China, and Mexico, but should expand use of such agreements in the future.

Expand and Streamline the P.L.-480 Program

Land O' Lakes favors continued use of P.L.-480 programs which provide direct aid to less-developed countries. Such programs should be used to encourage maximum self-help efforts within countries and should place major emphasis on helping the people of developing countries to assume increasing responsibility for their own economic progress. Land O' Lakes also supports efforts to eliminate legislation that requires that more expensive U.S. flag ships carry 50 percent of the P.L.-480 grain.

Increased Funding of Market Development Organizations

More money should be allocated to the Foreign Agricultural Service to fund market development organizations for U.S. commodity producers.

Expansion of Section 416 Authority

Currently, the USDA has the authority to donate surplus dairy products (nonfat dry milk, butter, and cheese) to designated developing countries. Land O' Lakes feels this authority should be expanded to include all commodities held in CCC inventory and to allow for the monetization, for international development purposes, of the commodities authorized under Section 416.

Use of Export Authority

Land O' Lakes urges the Secretary of Agriculture to make use of the authority provided him to dispose internationally of surplus dairy products held by CCC as directed by Congress in the Agricultural and Food Act of 1981.

Contract Sanctity

The U.S. Government should guarantee the sanctity of export contracts and should attempt to restore the image of the United States as a reliable supplier to world markets.

Dairy Legislation

Land O' Lakes suggests a dairy program that will assure equitable and stable dairy farm income using an economic index such as the parity index as a guide to establishing prices. The program should respond to changes in supply and demand conditions and maintain an orderly marketing process. Federal milk marketing orders and the classified pricing system should also be continued.

Fluid Milk Standards

Land O' Lakes agrees in principle with proposals to increase minimum solids-not-fat standards of fluid milk products; however, they urge a thorough study of all the potential impacts of such a proposal. The proposal would change the legal definition of milk, it would require concurrent adoption of multiple-component pricing, and it would require revision of all Federal milk orders. Questions about consumer acceptance of such products and the impact on total demand for fluid milk products should be analyzed and answered.

Casein Imports

Land O' Lakes urges the restriction of imported casein and caseinates since they interefere with dairy support programs. The feasibility of developing a U.S. casein manufacturing industry should be explored and all effects examined before implementing any program to encourage such an industry. Such a development would eliminate the need for importing casein. Inasmuch as a line-item tariff has been established on milk proteinates, they should be monitored, and if excessive imports occur a quota should be established.

Imitation and Substitute Products

Land O' Lakes urges a vigorous enforcement of present laws to prevent deceptive labeling and unfair trade practices. Such regulations should apply to all food products including red meats, poultry, and dairy products.

They strongly disagree with the Food and Drug Administration policy permitting imitation dairy products nutritionally equivalent to the products imitated, to be called a "substitute" and those nutritionally inferior to be called "imitation". Such labeling enables non-dairy food ingredients or products to gain immediate consumer acceptance through the well-deserved reputation of dairy products rather than on their own merits, according to Land O' Lakes.

Grade A Reserve Prices

Temporary reduction in prices for reserve supplies of Grade A milk have been permitted in some Federal Milk Order markets. Products made from these milk supplies flow on a national basis. Any attempts to regionalize reserve milk prices will have an adverse competitive impact on dairy manufacturers in other regions, according to Land O' Lakes. They therefore oppose the pricing of reserve supplies of Grade A milk on a market-by-market or regional basis.

Farm Credit System

The Farm Credit System obtains its loan funds by sale of securities in the money market. Government loan funds are not involved in Farm Credit lending, nor are the securities guaranteed in any way by the Federal Government. Land O' Lakes is strongly opposed to any actions which would limit the Farm Credit System's access to public money markets, thereby raising the cost of money to farmer and cooperative borrowers.

Cooperative Policies

Land O Lakes believes that cooperatives should continue to be exempt from antitrust laws to the extent provided in the Capper-Volstead Act. They support present tax laws as they relate to cooperatives.

Establishment of Presidental Commission on Food and Agricultural Policy

The President should appoint a nonpartisan Food and Agriculture Commission made up of government officials, farmers, agribusinessmen, representatives, and consumers to draft a comprehensive longterm national food and agricultural policy. Such a Commission would be similar to the one which recently studied the Social Security System. The Commission could investigate the possibility of forming a Federal Food and Agricultural Board patterned after the Federal Reserve Board and given wide ranging authority and responsibility in the areas of supply, distribution, pricing, and other factors.

MILK INDUSTRY FOUNDATION (MIF)/ INTERNATIONAL ASSOCIATION OF ICE CREAM MANUFACTURERS (IAICM)

MIF represents processors and distributors of fluid milk and manufacturers of fluid milk byproducts nationwide. IAICM represents ice cream manufacturers in the United States, Canada, and other countries. State and regional associations of fluid milk processers and ice cream manufacturers are affiliated members, and suppliers to the industry are associate members.

MIF/IAICM believes the longterm solution to the dairy surplus problem can best be handled through the marketplace, where both producers and consumers can react to prices dictated by market supply and demand.

They are concerned about the tremendous growth in Government purchases of dairy products in recent years and the high level of uncommitted CCC-owned inventories. MIF/IAICM believes that Government dairy policy should be structured to limit the quantity of dairy prducts purchased by the CCC. Limits should be placed on the quantities purchased by the CCC through mandatory adjustment of the milk price support when Government acquisitions reach a specified level.

Surpluses should not be allowed to reach levels which result in give-away programs that displace regular commercial sales of dairy products. Conversely, if Government purchases fall below a prescribed minimum deemed necessary as a reserve to meet domestic and foreign food aid commitments, a mechanism should be available to increase the price support level. In light of imminent technological developments in the dairy sector and changing economic conditions, the key to the success of any dairy program will be flexibilty, according to MIF/IAICM.

MIF/IAICM opposes any program or even "standby authority" for a milk support program based on quotas, production bases, diversion payments, producer assessments, or similar programs. Adjustments to production and consumption should be made by adjusting the price support level. The diversion program created severe distortions of supplies with unexpected shortages in the Southeast while the CCC was purchasing surplus dairy products in California and the Midwest, according to MIF/IAICM.

They believe that the tremendous surge in commercial sales of dairy products this past year, rather than the milk diversion program, did most to reduce CCC purchases. The increase in dairy sales is a direct result of reduced and stable real milk prices. With no increase in the milk support price in 3 years, the market has responded with increased sales. With increased advertising and promotion efforts, MIF/IAICM expects this trend to continue.

NATIONAL MILK PRODUCERS FEDERATION (NMPF)

NMPF is a federation of 62 dairy cooperatives and federations of dairy cooperatives representing the major portion of all milk marketed by farmers.

Support Program

They advocate a Government-purchase type program with the price support set at some reasonable level to provide an adequate supply of milk to meet market needs. NMPF believes an indexing concept must be maintained in establishing the support price for milk. The current parity formula must be revised to make it more specific to the dairy industry. The formula should consider changes in the cost of producing milk, changes in efficiency, changes in demand for milk and dairy products, and current economic conditions. Those factors must reflect current and projected economic conditions.

They believe that the revised index coupled with consideration of current and projected stock levels and expected production would establish a price support level that balances supply and demand.

Should a change in general or agricultural economic conditions outside the scope of the dairy program cause any future stock accumulations, then NMPF recommends standby authority to bring supply in line with demand quickly. Perhaps a modification of the current milk diversion program could be used. Such a program must have incentives to discourage production with severe penalties for those who overproduce.

A diversion program must become operative at a relatively low level of surplus and be triggered early to avoid any massive buildup of stocks. The trigger level must be based on future projections rather than historical data. Heifer numbers, grain estimates, and other economic forecasts must be part of a triggering formula.

Casein and Caseinate Imports

NMPF favors legislation or administrative action under the authority of Section 22 of the Agricultural Adjustment Act to restrict casein and caseinate imports. They argue that unrestrained imports have displaced domestically produced milk solids. The displaced milk solids have been converted to other products, largely nonfat dry milk, and much of that production has been acquired by CCC under the price support program. The Federation contends that such policies have contributed to the huge CCC surplus and has helped to undermine the support price program.

Federal Milk Market Orders

NMPF continues to support the Federal Milk Market Order Program. They recognize that orders assure farmers of stable prices and provide equitable treatment for all parties involved. The Agricultural Marketing Agreement Act should be amended to provide a basis for revision of market orders to permit recovery of cost for marketwide services from the order pool.

Product Labeling

They support efforts aimed at assuring proper identification of dairy and nondairy products in the market, as it has increasingly become difficult to assure proper labeling of products. They maintain that the Food and Drug Administration has not only been lax in enforcement of labeling requirements but has itself promoted the use of a scientifically questionable "nutritional equivalency" concept in labeling of imitation dairy products.

Farmer Cooperatives

NMPF recognizes the critical role that cooperatives play in assuring a stable, reliable market for dairy farmers. They believe farmers should continue to be exempt from antitrust laws to the extent provided in the Capper-Volstead Act of 1922, which authorized farmers to join together to market their production, and support general legislation that helps strengthen the cooperative system.

MILLERS' NATIONAL FEDERATION

The Millers' National Federation is the national trade association of the wheat and rye flour milling industry. Their member firms grind wheat into flour for bakeries, the food industry, and for home use in the United States and abroad. They account for 80 percent of the flour produced in the United States.

Loan Rates

Loan rates established over the last 4 years have contributed to the United States' position as a residual supplier of agricultural commodities. High loan rates have served as a benchmark which competitors have undercut to capture market share, according to the Federation.

The Federation believes the loan is a valuable tool that should be continued in new farm policy, but should be modified to reflect market conditions. They favor a system of loan rate formulae which would establish a floating loan rate tied to a series of recent market prices from several years. Some average price index might be developed and the loan set as a percentage of the figure, thereby assuring that the loan would not price the commodity out of the world market. Whatever formulae are developed, they should be specific and automatic enough to discourage the Secretary from using any discretionary authority to adjust them in the shortrun.

Target Prices

The Federation recognizes the target price system as a device to support income to certain producers. However the system developed in the past 4 years has been too rigid and imprecise to support farm income to the group of producers for whom the aid was intended. The target system "locked in" price levels on the basis of economic assumptions regarding inflation which failed to materialize, thereby establishing artificial cost-of-production figures upon which the target was paid. The results strained agriculture's budget and credibility, according to the Federation.

Efforts should be made to phase out the target price. The Federation believes the phaseout must be gradual and therefore some income transfer payments initially will be required. Such payments would best be accommodated within the budget process if they were capped by a formula which expressly limits budget exposure. Such a formula might be tied to a base percentage of commodities produced with corresponding maximums. Defined phaseout of targets would provide both producers and the program administrators with sound budget estimates upon which to make marketing decisions.

Acreage Reduction and Production Controls

The Federation recommends that acreage reduction programs (except for land conservation purposes), and mandatory production controls be eliminated. Budgetary expenditures presently allocated for acreage control programs should be retargeted toward market enhancement and expansion programs to create the demand which utilizes the production capacity of U.S. agriculture. An expanded longterm food aid program designed to reduce world hunger while creating potential commercial markets for U.S. grain and grain products would be a worthy recipient of retargeted funds.

Export Promotion and Credit Program

Agricultural policies should facilitate the ability of foreign agricultural customers to purchase U.S. agricultural commodities. Budgetary expenditures presently allocated for production control schemes might better be spent to develop a graduated ladder of specific credit packages for eligible foreign customers. Options that should be considered include:

1. funding the revolving fund established under the 1981 Farm Act,

2. development of a multiyear credit line program for customer nations in which repayment to the credit line would constitute replacement of the authorization for credit up to the paid up amount, and

3. funding provisions to encourage third-world nations to develop infrastructures which would allow them to become involved in world trade.

The Federation also supports federal guidance in establishing producer inititiated checkoff programs for market development purposes.

Added-Value Products

The Federation believes that the positive contribution made to the balance of trade by added-value processed agricultural products should be noted in a separate section of the farm bill. Congress could specify that, to the extent that the U.S. share of world agricultural trade is increased, added-value products receive a significant portion of the increase. The Federation believes that added-value products should be included among the commodities received by recipients of U.S. food aid, especially in those cases where aid recipients are known to receive the same added-value commodity from a U.S. trade competitor.

Trade Policy

The Federation firmly opposes the concept of subsidies for agricultural trade. They recognize the need for Government support in agricultural trade policy matters where agriculture has exhausted its administrative remedies throughout the international dispute settlement process. They recommend that U.S. agricultural trade polcy matters be dealt with directly through a clear statement of the United States' intent to stand behind its agricultural commerce. That statement should be reinforced through a provision in the 1985 farm bill which directs the Secretary to set forth the mandatory countersubsidy provisions which shall be invoked in the event of unfair export competition. Such an approach would underscore U.S. commitment to agricultural free trade while providing the means to prevent foreign competition from taking advantage of that commitment.

NATIONAL ASSOCIATION OF WHEAT GROWERS (NAWG)

NAWG is a federation of 16 State wheat growers' associations with membership totaling 85,000.

NAWG recommends that strong domestic production adjustment efforts, multiyear conservation programs, and a range of export programs be implemented to improve U.S. agriculture.

Supply and Demand Balance

Domestically, NAWG favors the establishment of a supply/demand corridor and a triggering mechanism to institute a minimum crop adjustment program to remove important decisions from political and other influences. The Secretary of Agriculture could then use discretionary authority to broaden the program with additional set-aside requirements or paid diversion options. Income protection through the target price concept should be maintained with no limitations on payments to farmers.

Market-Oriented Loan Rates

A market-oriented price support loan should also be established that bases the loan settlement or payment level on State average prices, as opposed to the original loan proceeds. This would allow stocks to clear under surplus conditions and avoid large forfeitures to the CCC, according to NAWG. The difference between the original loan and the settlement price would not be subject to the $50,000 payment limitation. NAWG believes this mechanism would allow U.S. wheat to be competitive in world markets, and the reduced loan payment would accrue to the farmer and would not be absorbed in the marketing chain.

Farmer-Owned Reserve

NAWG believes that the FOR is an effective tool for isolating the excess stocks from the market to bolster prices and maintain reserves against unexpected low production or high foreign demand. They support a continuation of the FOR with a reserve cap and new procedures for reserve entry and release.

Normal Crop Acreage

NAWG feels that the normal crop acreage (NCA) system should be reinstituted to control slippage in commodity bases, reinforcing the internal structure of farm programs. Using an NCA, as opposed to commodity-specific bases or a total farm base comprised of individual commodity bases, has proven to be an accepted means of halting inflation in acreage bases, and it can operate to make farm programs more credible to the public, according to NAWG. Once reinstituted, farmers would have an acreage base which conforms to the amount of land that normally was cropped in their operations.

Conservation

Until market conditions signal a need for increased wheat output, a conservation reserve could provide incentives for farmers to withdraw land from crop production on a multiyear basis. An important part of such a program should be a guarantee that the farmer would not lose crop production history on the acreage for purposes of future farm programs. Conservation program funding must be adequate to meet

the basic needs in all areas of the country, as well as to those specific areas with critical soil deterioration. Greater local involvement is needed to help designate those areas in greatest need of conservation programs.

Export Initiatives

The U.S. wheat situation will not correct itself, nor will it be corrected solely by domestic adjustment programs, according to NAWG. New export initiatives must be undertaken, and they must be implemented with the aim of regaining the U.S. share of the world wheat market.

Commercial and concessional credit programs now in place should be continued. Those include GSM-102 credit guarantees, GSM-5 blended credits, and P.L.-480 concessional sales and donations.

In addition, the GSM-301 program providing intermediate credit should be broadened and fully implemented to expand the range of U.S. credit offerings.

Further, the U.S. government should aggressively use wheat stocks owned by the CCC to blend-down the sales price of wheat to specific markets where the United States faces stiff competition from other suppliers. Such a program of using domestic surplus to promote export sales would be effective in the short-term by reducing excess stocks, and it would be effective in the long run by making an investment in markets that once agian can become good cash customers as economic recovery occurs, according to NAWG.

NAWG also recommends the following:

1. recognition should be given to the potential benefits and preferences of some customers for bilateral supply agreements,

2. a new longterm grain agreement with the People's Republic of China should be negotiated,

3. trade embargoes and sanctions should be strictly avoided, except in a national emergency or state of war,

4. the principle of contract sanctitiy in export sales contracts must be retained,

5. U.S. flagship requirements should not be expanded beyond those in current law and funding for current requirements should be transferred from USDA to the Maritime Administration, and

6. the Office of the U.S. Trade Representative should not be consolidated into a new Department of International Trade and Industry.

NEBRASKA WHEAT GROWERS

Nebraska ranks among the top 10 states in total U.S. wheat production. The Nebraska Wheat Growers recommend a supply management program that reduces current price-depressing wheat surpluses by bringing wheat production in line with domestic and world wheat demand. It should also provide price and income stability to U.S. producers at levels above cost, excluding land and management, while eliminating Government payments to farmers.

Supply Management

According to the Growers, the impact of U.S. wheat prices, after adjusting for the value of the U.S. dollar and inflation, has been one of the least important factors impacting world demand since 1975. Their analysis indicates that current real U.S. wheat prices have dropped to pre-1972 levels and supplies have moved into a very inelastic portion of the wheat demand curve and that farmers' total revenues will benefit by higher U.S. farm prices in the form of increased receipts. However, wheat prices will not improve until excess wheat inventories are eliminated. Farmers must have a supply management mechanism to reduce such surpluses before wheat farm income can be improved.

Therefore, the Growers recommend a long-term wheat supply management program be implemented in the following manner:

1. The USDA would estimate world and domestic wheat needs for the next marketing year. Such estimates would be used to determine U.S. wheat production,

2. Importing countries would be encouraged to make multiyear trade agreements with the United States to assist in establishing U.S. wheat production levels,

3. A wheat supply management program would be announced in June prior to the planting of the winter wheat crop specifying the details of the program, and

4. Wheat inventory levels would be established which maintain farm prices at or near the established target prices.

They strongly recommend use of mandatory wheat marketing quotas, as previous voluntary supply control programs have not been very successful in adjusting supply to changing market conditions. Under such a program, the USDA would establish a marketing quota for U.S. farmers which meets projected domestic and export demand at market prices above established target prices, thus reducing Government deficiency payments. Wheat growers must put 10 percent of their wheat base into a soil conservation program and could plant alternative crops on the remaining acreage, to qualify for marketing certificates. Cross compliance between crops should be considered, depending upon overall farm program design.

Price Supports

World weather, monetary and fiscal policies, and politics cause considerable variability in U.S. wheat exports, and consequently the Nebraska Wheat Growers believe that producers need protection against unforeseen collapses in wheat sales. They recommend that loan and target price programs continue, but at levels which protect efficient farmers against financial bankruptcy until demand and supply are once again brought into equilibrium at prices which will maintain a viable wheat economy.

Historical production cost data is used to establish loan and target price levels under current law. The Growers recommend that projected production costs for the next crop year also be included in establishing support levels. The loan rate should be established at a level which covers all costs except land and management costs, to remain competitive in world markets. Target prices should eventually cover all production expenses including land and management. However, since market prices are currently near loan rates and increases in target prices would cause very large Federal outlays for deficiency payments, they recommend a two-step approach. During the first 2 years, target prices would cover all costs except land costs. Thereafter, target prices would be established at a level which provides a return to land and management equivalent to what can be attained if invested in a 20-year Treasury Bond.

The use of USDA production costs in establishing loan and target prices has merit over inflation-indexed prices or other methods for establishing support prices in that such production costs represent the actual cost of producing wheat and are not a proxy, according to the Growers. They would adjust upward or downward based on input costs and farm productivity.

Food Reserve

The Nebraska Wheat Growers realize that the USDA has a commitment to protect U.S. consumers against unexpected food shortages caused by weather or other natural disasters; therefore a "true" emergency food grain reserve should be maintained for such contingencies. Such an emergency food grain reserve program should not be used to manipulate market prices. The program should be established at a specified level and released only during emergencies determined by the Executive Branch. U.S. consumers require approximately 650 million bushels of wheat for food annually, according to the Growers; therefore the emergency reserve should be established at 500 million bushels. This would assure 75 percent of their food needs until the next crop.

Export Enhancement

The Growers strongly support all efforts to stimulate a stable growth in the demand for U.S farm products. Several policies which could be undertaken to enhance agricultural exports include:

1. Increase the use of export credits, particularly to countries where U.S. market share has been eroded due to competitors who subsidize exports or employ other non-free market incentives.

2. Market development programs that are currently underway through such agencies as U.S. Wheat Associates Inc., the American Soybean Association, the U.S. Feed Grains Council, and the Foreign Agricultural Service should be funded at much higher levels. The United States spends less than 1 percent of the value of U.S. agricultural exports in market development research, considerably less than any other major farm export country, according to the Growers.

3. The P.L.-480 Program should be reevaluated and streamlined. Current requirements, approval procedures, and other red tape make it almost impossible to effectively meet the needs of many low income countries. Also, cargo preference requirements that U.S. flag ships carry 50 percent of P.L.-480 grain should be eliminated.

4. The sanctity of U.S. grain export contracts should be guaranteed in order to enhance U.S. image as a reliable supplier to all nations. Embargoes and other restrictive trade policies hurt long-run prospects for U.S. grain and foster competition from non-U.S sources, according to the Growers.

U.S. DURUM GROWERS ASSOCIATION

U.S. Durum Growers Association represents 500 Durum growers concentrated in the upper Great Plains States. They cooperate with other organizations to promote the production and marketing of durum.

The Association recommends strong measures to cut large Government and farmer-held stocks and more aggressive export and trade policies to improve slumping world demand for U.S. farm commodities. Future farm policy must consider any means available to eliminate surpluses and regain U.S. share of world markets.

Export subsidies are a viable option that must be used if the goal of U.S. farm policy is to produce for both domestic and foreign needs, according to the Association. Direct subsidy payments, export PIK, and expanded credit to importing countries are all effective policy tools that can be used to expand U.S. markets. The Association suggests that any subsidy payments made should not be announced until after the sale is completed. Announcements made prior to sale encourage competitors to lower their prices, thus limiting any additional U.S. sales, according to the Association.

Consistent trading practices with other countries is necessary for building U.S. markets. The Association recognizes that trade is a two-way street and consequently, the United States must not limit agricultural or other imports through use of quotas, tariffs, or other restrictions. New farm legislation must also assure producers that no future grain enbargoes will be imposed.

The Association believes that loan rates at market-clearing levels would also make U.S. commodities more competitive in world trade and discourage excessive production.

Future farm policy must place high priority on reducing U.S. reserve stocks to acceptable levels. The Association believes that a responsible reserve stock level should not exceed 30 percent of annual domestic and export needs. They suggest that reserve stocks should be capped at that level.

Currently, the national average trigger price is set at such high levels that Durum wheat cannot be released from the reserve. The result is that Durum is losing its markets to other classes of wheat. A separate release price for Durum would alleviate this problem according to the Association. Reserve levels for Durum should be capped at a level not to exceed 30 million bushels.

New farm legislation must continue some type of target price scheme to encourage participation in acreage reduction programs and to stabilize farmers' incomes.

Current farm legislation, initially enacted to reduce surplus of grains, actually increases surpluses because farmers must plant a crop in order to receive deficiency payments, according to the Association. By staying out of the program a year to increase their base and by using more inputs to increase proven yields, farmers have been able to inflate their deficiency payments the following year.

Therefore, the Association proposes assigning each farm unit a normal crop acreage (NCA) based on a 5-year history. The NCA for each farm would be allocated among crops grown during the previous 5 years. Each year the Secretary of Agriculture would determine what percent of the NCA would be required to be set aside for conserving use and not planted to any harvestable crop, to be eligible for farm program benefits. The farmer could react to market signals and plant any mix of crops as long as it did not exceed the NCA. The farmer would receive deficiency payments based on the farm's historical base average rather than on actual plantings. In the past, farmers have had to plant wheat in order to get the target price deficiency payment, thus contributing to the excess supply.

The Association is considering supporting a freeze on target prices for wheat and corn. As of this writing, the Association is undecided about payment limitations. However, Congress should consider raising the limitation levels if included in the new farm bill. Current levels are too low and discourage participation by many average-sized farmers, according to the Association.

A longterm land retirement program for marginal land to replace the PIK program should be considered in new farm legislation. The program would include a trigger mechanism to automatically bring retired lands back into production if production shortages occurred or prices climbed to excessively high levels.

AMERICAN FEED MANUFACTURERS ASSOCIATION (AFMA)

AFMA is the national trade association representing the manufacturers of over 70 percent of the primary livestock and poultry feed sold each year in the United States. In addition to corporate feed manufacturers, their membership includes several large livestock and poultry producers who mix their own feeds.

AFMA supports a safety net approach to Federal farm support programs to protect farmers from extreme low prices. Agricultural price supports, whether they involve target prices or loan prices, should be no higher than market clearing levels so as to not artificially encourage increased production abroad, and further erode the U.S. share of agricultural exports.

AFMA believes that the United States must regain its reputation as a reliable supplier of agricultural products to world markets. There should be no embargoes of agricultural exports unless it becomes necessary to embargo exports of all U.S. products to a given country or countries.

The Association strongly supports a domestic livestock and poultry production system free of mandatory production or marketing controls. They support additional efforts to export animal products and reduce artificial barriers in other countries against importation of U.S. agricultural products.

GRAIN SORGHUM PRODUCERS ASSOCIATION (GSPA)

GSPA is a national organization representing 5000 grower-members.

Mandatory Supply Control

The Association favors strict mandatory supply management programs for all agricultural commodities as an alternative to current farm programs. Recommended provisions for a mandatory supply management program include:

1. A national production goal. A national production goal would be established annually for each commodity by the Secretary of Agriculture. Estimated consumption, (previous 3 years' average of domestic and export consumption), plus a national security reserve limited to no more than 16 percent of annual consumption, minus any carryover stocks would provide the Secretary of Agriculture with an estimated national production goal.

2. Normal cropland acreages. A 5-year average of total acres planted to basic crops would establish normal cropland acreage (NCA) for each farm. A national NCA would be determined by a 5-year average of total basic crop acres not to exceed total farm NCA's.

3. A national commodity base acreage. Individual farms would have commodity base acreages for crops that best suit the farm's individual land, water, fertility, and rotation pattern. The national commodity base acreage would be the total of all farm commodity base acres.

4. A national production acreage. A 5-year average of national per-acre yields would establish a national commodity per-acre yield. Division of the national production goal by the national commodity per-acre yield would provide an estimate of national production acreage.

5. A national commodity quota. The national commodity quota is determined (in pecentage) by dividing the national commodity production acreage by the national commodity base acreage. The national commodity quota would be applied in the same ratio to each farm commodity base acreage. Total cross compliance would be required in the program.

National commodity security price

To assure price protection to producers, a national commodity security price would be established by the Secretary at the national average cost of production. Producer loans would be available at this level less all carrying charges at rates equal to Government cost on each. This assures a no-net-cost loan program.

Market share

The United States should maintain its recent average share of the total world export market by continued use of various credit programs and export subsidies, if necessary, to meet foreign compeitition.

ILLINOIS CORN GROWERS ASSOCIATION

The Illinois Corn Growers Association represents corn growers in Illinois who annually account for roughly one-sixth of the total U.S. corn production.

The Association supports Federal farm policies adopted by the National Corn Growers Association.

IOWA CORN GROWERS ASSOCIATION (ICGA)

The ICGA represents the corn growers of Iowa, who account for approximately one-fifth of U.S. corn production.

The ICGA traditionally has supported a market-oriented approach to agriculture, believing that farm policy should focus on market development rather than supply management programs.

The Association encourages formation of a corporation supported by the Government, industry, and producers (similar to the Tennessee Valley Authority) to further develop markets for U.S. farm commodities. The corporation would represent all commodities and handle access to credit programs, barter, and product development. The corporation would function much like parallel Japanese organizations. For example, a team would spend time in a target parallel nation to develop a product suitable to its culture. Guaranteed loan programs should be expanded to help develop export markets in other nations.

The creation of a recourse, longterm CCC loan, interest free after 9 months, should be considered. There would be no opportunity to forfeit grain under loan to the Government. Such a loan, repayable in dollars, would eliminate U.S. acquisition of large surpluses, according to ICGA. Present loan programs would be eliminated.

A longterm land reserve should be considered as part of the mechanics of moving away from supply management programs and into market development. It would be based on carryover and must be open-ended. Grazing would be allowed on a bid basis.

Payments for on-farm storage should be made at the same rates as those made to commercial elevators. This could be determined on a State-by-State basis.

The ICGA is cautious about supporting a feed grain loan program similar to the soybean loan program. They believe that previous feedgrain programs have contributed to the successful soybean loan program and this first must be examined.

The structure of America's farm unit must be redefined in terms of economics and perhaps the term "family farm" needs further definition. A two-tiered farm bill may be needed, with a social policy for small farms and a food and fiber policy for larger farms.

Access to Government programs and benefits must be open to all who comply, regardless of size of operation with no payment limitations of any kind to producers. Any new farm legislation should be in effect at least from 6 to 10 years to reduce the impacts of politics on farm policy and to increase stability.

NATIONAL BARLEY GROWERS ASSOCIATION (NGBA)

NBGA is a fairly new association with membership concentrated in the upper Midwestern barley producing States.

Under current law, loan and target prices for barley are set by the Secretary, with discretion, at levels that reflect their feeding values relative to corn. NBGA believes that barley support levels have been set too low compared to corn and that the price/feed relationships between the two commodities are not reflective of current conditions. They suggest that barley support and target price levels be set on a cost-of-production basis as an alternative to the current system.

NBGA feels that barley should be continued in the feed grain programs and that malting barley should not be exempted from acreage limitation provisions. Under current law, the Secretary may exempt malting barley producers from compliance with any acreage limitation provisions as a requirement for eligiblity for feed grain loans and other program benefits. Noncompliance could apply to those who have previously produced a malting variety of barley, have planted only acceptable malting varieties for harvest, or have met other conditions prescribed by the Secretary. NBGA believes the malting barley exemption should not be allowed in future farm programs as it has compounded the problem of excess supplies and lower prices. With the exemption in place, producers restrict their acreage of other grains and increase their planted barley acres.

Some States have similar market transportation patterns but have wide-ranging loan rates, according to NBGA. Citing evidence that some States also have much higher average production costs and yet have lower support prices, they feel that there is no consistency in barley loan rates among States and counties. NBGA believes those discrepancies must be addressed.

There is no general consensus within the NBGA concerning grain reserve programs except that perhaps release levels should be set at lower levels, as of this writing. Storage payment rates should be the same for farmer-owned storage as for commercial elevators. There is no logical reason why commerical elevators should receive higher payment rates, according to NBGA.

No recommendations have been made regarding payment limitations. The Association recognizes that it is difficult to determine what a fair payment limitation level should be and suggest that if payments are capped, perhaps different payment limitation levels be considered for each crop.

NBGA feels that barley export markets are still in the infant stage and need to be developed. Export development is a better alternative than supply management programs that restrict barley production, according to NBGA. Better credit terms, development of import/export facilities in grain importing countries, assurance of no future U.S. grain embargoes, and continued exchange of marketing trade teams overseas would help improve barley exports.

Many small and part-time farmers derive most of their income from nonfarm sources and still receive farm program benefits. Whether those farmers should or should not be entitled to such benefits is an issue that must be given serious consideration. NBGA feels that perhaps a redefinition of "farm" is needed for purposes of administering farm programs.

NATIONAL CORN GROWERS ASSOCIATION (NCGA)

NCGA is the national organization representing corn growers across the Nation.

Market Development

NCGA favors a new farm bill that emphasizes expanding demand rather than restricting production, because they believe that demand incentive programs are more cost-effective than supply reduction programs.

NCGA supports an effective foreign market development program for corn exports, financed with increased funding from both farmer checkoff programs and USDA's Foreign Agricultural Service. NCGA also suggests the following programs in new farm legislation to enhance foreign demand:

1. Increase the Title III provisions of P.L.-480 to provide for long-term, low-interest-rate loans to developing countries for the purchase of U.S. corn for foreign livestock feeding industries, the income from which could be used for the development of the recipient countries' food industries in lieu of total repayment to the United States.

2. Increase funding for export credit programs such as the Export Revolving Fund.

3. Institute an export subsidy program to offset unfair export pricing practices of other major grain exporting countries.

4. Create a centralized, coordinated agency such as a Cabinet-level department charged with international trade that will establish and maintain an effective and consistent agricultural export policy.

5. Establish a general export policy for U.S. corn exports to all Nations, including countries with centrally planned economies, based on the most favored nation (MFN) status.

The NCGA opposes any efforts to establish a national grain board or any Government program that would interfere with the free marketing of grain. It likewise opposes the concept of a multi-State grain cartel to establish a minimum price at which grains would be marketed within and among states.

The Government should use all existing international agreements under the GATT and the U.S. countervailing duty laws to gain relief from, and prevent the dumping of, subsidized alcohol exports from foreign countries to the United States.

NCGA opposes cargo preference legislation which requires P.L.-480 exports to move on U.S. flag vessels. It urges the funding of GSM-301 at levels which would allow for the creation or expansion of infrastructures in those countries most likely to be major consumers of U.S. corn.

Domestic Farm Programs

NCGA recognizes the longer term time lag involved in realizing the results from a demand oriented farm bill and urges the following provisions in the event that short-term supply management programs are required any year during the life of the 1985 farm bill. Provisions of such programs, outlined below, should be designed for farmers who derive at least 50 percent of annual gross income from agricultural production.

Support Price Program. Loan rates would be set at 80 percent of the previous 5 years' average market price (excluding the high and low). The corn loan rate could be no lower than $2.55 per bushel for the first year. If the price of corn increases to 150 percent of the loan rate, and it is deemed in the national interest, the Secretary of Agriculture may release any CCC-held stocks of corn. Due to the present inequity of storage payments between farmers and commercial storage elevators, there should be legislation to equalize storage rates paid on CCC-owned grain whether it is held in commercial storage elevators or in CCC-approved on-farm storage facilities.

Loan Rate Equivalency. The loan rates for all other grains that are substitutable for corn in feeding rations should be determined on the basis of their feed value ratio to corn and the loan rates for other substitutable grains for corn should be determined on the basis of the class of grain.

Target Price. The annual target price should be no less than $3.03 per bushel for corn, and the target prices for other grains substituable for corn should be determined on the same feed value ratio formula for determining equivalency for loan rates of other grains.

Deficiency Payment. Deficiency payments should not be subject to any payment limitations. The payment should be calculated on the difference between the target price and the average national price for corn during the first 5 months of the corn marketing year but no less than the annual loan rate, whichever is higher.

Grain Reserves: A 3-year grain reserve should be offered to corn farmers, but should not to exceed 800 million bushels. Entry of grain into the reserve should be allowed after the expiration of the regular CCC nonrecourse loan. At the time of entry, CCC interest charges would cease and commercial storage payments would begin annually for farmers. A release level of 130 percent of the prevailing basic loan rate should be the level for the release of grain from the reserve, calculated on the average corn prices within crop reporting districts. During the life of the grain reserve, farmers should be eligible to receive commercial storage rates for stored reserve grain, and should also be eligible to bid on storage of CCC-owned corn after the 9-month loan period has ended.

Acreage Reduction Program. If the annual projected carryout of corn exceeds 1.1 billion bushels, there should be an acreage reduction program offered to farmers based on voluntary set-aside provisions and a paid acreage diversion provision. The acreage enrolled in a production control program should be limited on an equivalency basis to the actual land planted for the production of corn. The provisions of an annual program for corn production should be announced on the legislatively mandated date of September 1 in order to allow for proper and effective planning by corn farmers for their individual production and marketing programs. Program enrollment should be by an irrevocable contract

that provides severe penalty for noncompliance. The certification deadline for determining final compliance in either a paid acreage diversion or reduced acreage program for the season should be established as of July 31. In the absence of an annual set-aside or supply management program, all corn producers should be allowed to qualify for the national commodity program.

Disaster Payment Programs. Terminating the authority for the disaster payment programs in favor of the recently initiated program under the Federal Crop Insurance Act (FCIA) could be somewhat premature. Until there is more of a proven record of a realistic and viable FCIA program, this program for recovering a measure of financial loss by farmers due to natural disasters should be retained. Furthermore, a more detailed analysis of the programs of the Federal Crop Insurance Corporation should be undertaken to insure that the needs of farmer participants are compatible with program guidelines and regulations.

Conservation of Resources

NCGA supports Sod buster provisions that all Federal program benefits be denied only to those lands broken after the enactment of the bill and only when those lands do not have a conservation plan approved by the local Soil and Water Conservation District.

The Association urges a modified PIK program for a longterm conservation-oriented program for permanent marginal land retirement. Payment would be made with surplus commodities from CCC stocks.

NCGA recommends legislation to allow farmers and landowners income tax credits to help offset their costs for approved conservation structures and practices. They strongly believe that all conservation programs should be implemented through the local Soil and Water Conservation Districts. They also object to the concept of "targeting", if targeting funding comes at the expense of nontargeted ares. They support matching federal funds to State and local governments for research and education to adapt conservation practices to modern agriculture.

Financial and Credit Programs

Increasing federal deficits, high interest rates, increasing production costs, strength of the dollar, and growing U.S. trade deficits have all contributed to the financial and credit crisis confronting corn farmers, according to NCGA. To minimize widespread farm foreclosures and both Government and private-farmer loan defaults, NCGA urges new policy to consider Federal interest rate buy-downs for farmer loans and an extension of current farmer loan repayment obligations on a case-by-case basis.

RICE PRODUCER GROUPS

Rice growers and farmer-owned cooperatives that store, process, and merchandise rice in California, Texas, Mississippi, Louisiana, and Arkansas have formed an ad-hoc group to help identify issues and develop rice producer positions. Some members include the Louisiana and Mississippi Rice Producers, American Rice, Inc., of Texas, Riceland Food of Arkansas, the Rice Growers Association of California, and Farmers' Rice Cooperative, located in California. As of this writing, they have not yet come to any consenses regarding the new farm bill.

THE RICE MILLERS ASSOCIATION (RMA)

RMA is a nonstock, nonprofit, incorporated trade association of the rice milling industry. Both rice farmer cooperative mills and independent rice mills, representing 99 percent of all the rice milled in the United States, are members.

Since rice is an export-dependent crop, RMA is reviewing farm policy options that would ensure that market prices determine production and allow U.S. rice to be competitive in world trade.

Reduction in loan levels is one of the possibilities that would make U.S. rice more competitive and regain market share, according to RMA. The loan would be set at a level which would not interfere with domestic or foreign sales of U.S. rice, would serve as a safety net for producers, and would be flexible, especially in times of oversupply.

RMA is considering available alternatives in setting loan levels that include:

1. a market approach linking the loan level to a moving average of prices similar to cotton and soybeans,

2. restricting loan protection to that portion of crop considered necessary for domestic consumption,

3. a piecemeal approach combining production controls with increases in PL 480, GSM-102, and blended credit, or

4. graduated loan rates so that the average level of protection would be targeted to those producers who need it while U.S. rice would be competitive in world markets.

Market Development

Developing export markets is necessary for any kind of support level program to be successful, outstanding loans to debt-ridden countries need to be extended and new loans should be written on longer terms of perhaps 10 years or more. Stipulations that countries receiving P.L.-480 aid purchase U.S. exports should also be considered. Subsidizing exports with Government-owned commodities is another alternative that may be used to enhance exports.

AMERICAN COTTON SHIPPERS ASSOCIATION (ACSA)

ACSA includes merchants, shippers, and exporters of raw cotton. The 525 member firms handle more than 80 percent of the domestic cotton crop and 90 percent of the export market.

ACSA believes that to resolve surplus problems, cotton must be priced at levels which will assure its sale and consumption without adversely effecting income levels of U.S. Cotton producers, and will minimize Government costs.

As of this writing, the Association recommends lowering the loan rate from the current level of 90 percent to 85 percent of the world price and eliminating the minimum level. However, the Association indicated that they were certain to revise their recommendation in the near future.

The target price concept must be reconsidered. By establishing the target price at levels unrelated to market price or production costs, efficient producers are penalized, unnecessary production is encouraged, and the concept of payment limitations prevents effective program compliance at times when carryover stocks reach excessive levels, according to the Association.

ACSA favors retaining the target price, but recommends that it be set at 120 percent of the loan rate.

Current law provides that the original 10-month term of the loan can (upon request of the producer), be extended for an additional 8-month term. The Association recommends that this provision be made available only upon the Secretary's discretion.

The CCC resale price should be established at the market or the loan price, whichever is higher. Restrictive resale policies prevent the sale of CCC stocks when Government programs result in excessive supplies, according to the Association.

CALCOT LTD.

Calcot is a grower-owned cotton-marketing cooperative representing western cotton growers in California, Arizona, and Nevada. Members produce 15 to 20 percent of the U.S. cotton crop.

Calcot believes in a market-oriented farm program in which loan levels and target prices are established at market-clearing levels that do not stimulate either domestic or foreign cotton production. Calcot is concerned that the current method of calculating loan rates does not allow for normal price fluctuations. Therefore, the loan rate should be lowered to 75 percent of the 5-year average U.S. spot market price (high and low years omitted). Current law provides for a minimum loan rate of 55 cents per pound. Calcot feels that the minimum should be eliminated.

Current law permits that the original 10-month loan term to be extended for an additional 8 months. Calcot believes this 18-month loan period is vital to the orderly marketing of crops. Since crop production is uncertain, growers may produce too much cotton to be marketed in a single season. The 18-month loan allows two crop years to be "bridged" so that cotton would not be forced onto the market, depressing prices. They strongly disagree with those who suggest eliminating the 8-month extension.

The target price should be continued in new farm legislation at levels that will provide stability and the incentive to participate in acreage reduction programs while not artificially stimulating production. It should be based on prices and not costs, and therefore, should be established at the average spot market price for the last 5 years, excluding high and low years. The Secretary should have the discretion to adjust target price levels upward to account for inflation.

Calcot suggests that acreage reduction programs, if necessary, should be on a voluntary rather than mandatory basis. Voluntary programs must have incentives for growers to participate. The current $50,000 payment limitation prevents many growers from participating in an acreage reduction program, according to Calcot, and should be eliminated in new farm legislation.

To enable farmers to plan ahead, Calcot suggests that the determination of base acreages be determined by new permanent legislation, rather than by 4-year farm bills.

Calcot recognizes the importance of developing and maintaining export markets. The revolving fund to finance export credit programs should be funded immediately.

Calcot believes that recommendations for export PIK and export subsidy programs for cotton will not work. Since textile production is a large, value-added business, such programs will not add to the total usage of cotton but rather will subsitute the subsidized cotton for sales that would have been made anyway, according to Calcot. Such export programs establish a two-price system that permits foreign mills to obtain their cotton more cheaply than U.S. mills, and should not be permitted.

PLAINS COTTON GROWERS, INC. (PCG)

PCG represents cotton producers, ginners, oil mills, warehouses, and allied businesses, and has about 20,000 members concentrated in West Texas.

PCG has not developed specific recommendations for cotton in the new farm bill as of this writing. Their program recommendations for the 1985 crop may help identify their concerns regarding any future legislation.

PCG called for 1985 loan rates set at maximum levels permitted by law, an increase in target prices as scheduled under the 1981 Food and Agricultural Act, and advance deficiency payments. They advocated a 25-percent voluntary acreage reduction program with a paid diversion program on 10 percent of the set-aside.

As producers have experienced problems with regulations relating to the care and use of acreage taken out of crop production, PCG suggested several improvements:

1. Grazing on acres taken out of production should be permitted except during the 6-month principal growing season as in the past, but allowances should be made for extended grazing and haying under unusual weather conditions, as well as for haying of cover crops used exclusively for feeding producers' own livestock.

2. Regulations relating to the program's "acreage conservation reserve" should come from the Agricultural Stabilization and Conservation Service rather than from the Soil Conservation Service.

PCG also recommended maximum use of credit guarantees, blended credit programs, the export credit revolving fund, and all other means available to encourage U.S. cotton exports.

PRODUCER STEERING COMMITTEE OF THE NATIONAL COTTON COUNCIL OF AMERICA

The National Cotton Council represents all segments of the cotton industry ranging from producers to manufacturers. As views differ among various segments within the cotton industry, a Producer Steering Committee was formed within the Council to gather views and make policy suggestions reflective of producer interests. The Committee is considering different policy alternatives which had not been approved by the parent Council. As of this writing, Committee considerations are not those views of the National Cotton Council.

The Committee favors a long-range Government cotton program which protects farm income of cotton producers, maintains an adequate U.S. cotton supply to preserve markets, and meets domestic and foreign needs through a market-oriented farm program. The competitive one-price system should be maintained and farmers' benefits from a price support or payment program should not be limited.

The committee basically favors a continuation of the current cotton program and although not completely approved as of this writing, is considering some modifications that include:

1. Using the current target price or a price determined by using the average spot price for the 5 preceding years, dropping the high and the low years, averaging the remaining 3 and indexing the result according to the most recent annual change in the Consumer Price Index, whichever is higher.

2. If an acreage reduction program is in effect, base deficiency payments on acreage diverted from production rather than planted acres, at a rate that will yield a total payment equal to the amount that would have resulted from basing payments on planted acres; and consider the full permitted acreage as planted in calculating future base acreage, whether or not it is actually planted.

3. Limit the total of program crop bases (cotton, wheat, feed grains, and rice) to the cropland available for planting on the farm, except in cases where double-cropping is an established pattern.

4. Support a longterm paid conservation reserve limited so as to avoid disruption of local economies.

5. Exempt conservation reserve and diversion payments from the payment limit.

6. Prohibit offsetting and cross compliance.

7. Urge a requirement that care of conserving-use acres be established only by State and county ASCS committees.

8. Urge authorization of an export credit revolving fund and credit guarantees--unlimited to countries with good records of timely loan repayments--as well as fully adequate funding of foreign market development for agricultural products.

Extra-Long Staple Cotton

The Committee favors a long-range Government program for extra long staple cotton that maintains a separate identity for American Pima and provides adequate grower incentives and safeguards to insure an ample supply to U.S. needs. They support legislation or administrative measures to hold U.S. imports of extra long staple cotton to a reasonable level.

Exports

Future farm and trade policies should work for unrestricted sales and shipments of U.S. raw upland cotton and textiles in world markets, elimination of trade barriers, and enforcement of U.S. rights under appropriate international instruments when other countries take prejudicial actions against such U.S. products. Commercial trading of agricultural commodities is preferable to government-to-government trade agreements.

Cotton Classing

The producers support continuing USDA efforts to improve the cotton grading system through computerized grade cards and instruments proven to be reliable and feasible after comprehensive testing and industry evaluation and input. Performance standards should be raised through standardized testing conditions, better training of personnel, higher level of acceptability of grading checks, and achievement of a criteria for more consistent and uniform grading.

Reserve Program

The Committee recognizes that tools are available to the Secretary of Agriculture to adjust cotton supplies through diversion and acreage reduction programs, and strongly oppose legislative or administrative efforts to establish a reserve program for cotton.

Farm Program Administration

The Committee feels that refinement is needed in farm program administration and have considered the following steps:

1. supporting continued efforts to strengthen farm income and maintain an acceptable carryover,

2. urging the Secretary of Agriculture to make cottonseed oil eligible for all Government food programs here and abroad,

3. working with USDA to establish fair and equitable farm yield procedures for determining Federal Crop Insurance and farm program payments, and providing that payment yields be adjusted up or down when changes are made in producers' planting patterns,

4. assigning the responsibility of determining whether an insured crop was farmed in a workmanlike manner to ASCS county committees rather than FCIC claims adjusters in order to prevent abuse and improve the cost-effectiveness of the FCIC program,

5. working to strengthen industry advice and participation in the administration of the cotton loan program and management of CCC stocks, and urging USDA to administer the program with the minimum amount of regulation to encourage industry participation, and

6. strongly supporting the concept that the Secretary should impose conservation requirements only with respect to diverted acres, and that such requirements should not be a condition of eligibility for Government farm or crop insurance benefits.

BRIGHT BELT WAREHOUSE ASSOCIATION, INC.

The Bright Belt Warehouse Association, Inc. consists of 317 warehouses that handle flue-cured tobacco in Florida, Georgia, South Carolina, North Carolina, and Virginia.

The Association recognizes the diversity of thinking within the tobacco industry and therefore designing a farm policy that satifies all segments of the tobacco community will be extremely difficult. Because of the complexity of issues involved, the Association has not made any policy proposals thus far and as an alternative, proposes the establishment of a Regional Flue-Cured Tobacco Program Study Committee.

The Committee would be organized by deans of agricultural schools in land grant universities of flue-cured tobacco producing States. It would be responsible for analyzing the present U.S. flue-cured tobacco production-control and price-support programs, and developing alternative programs which would better serve the long-range interests of the U.S flue-cured tobacco industry. Such a regional effort would represent in-depth studies of all phases pertinent to flue-cured tobacco, accounting for international and national projections.

They propose that the Secretary of Agriculture appoint a National Tobacco Program Committee(composed of producers, tobacco buyers and dealers, manufacturers, agribusiness interests, and warehouse operators), to consider and implement recommendations developed by the Regional Flue-Cured Tobacco Program Study Committee.

BURLEY TOBACCO PRODUCER AD HOC GROUP

As Kentucky produces roughly 80 percent of the U.S. burley crop, burley producers have joined together with general farm organizations, county producer committees, and other interested members of the tobacco community in that State to press for a burley tobacco program that is acceptable to producers. Some of the participating members include the Kentucky Farm Bureau Tobacco Committee, the NFO, and a burley farmers' advisory council representing 40 burley producing counties in Kentucky.

The excessive supply of U.S. burley under loan and the large 1984 crop anticipated has created a crisis in the burley tobacco industry, according to the group. Under the No-Net-Cost (NNC) provision, producers are responsible for all burley leaf under loan and are burdened with the prospect of taking severe losses on the lower quality 1983 crop. Production of the 1984 crop was estimated at 731 million pounds as of November 1984, and pool tobacco purchases may exceed the 1983 level of 250 million pounds. The result is that burley farmers could have some 600 million pounds under NNC responsibility.

Burley producers recognize the critical situation as the 1984 market approaches. The future of the burley program is uncertain and immediate action is essential. Answers must be forthcoming on the following:

1. How can the grower finance No Net Cost Production Control Program functions under a policy of unlimited imports?

2. How can supply, production, and pool stocks be effectively managed?

3. How can the support price be managed to address program objectives?

Producers have discussed these problems and a number of producer ideas that could have impact on the issues have been developed. Some of their suggestions for a future burley tobacco program include:

1. Rather than estimate burley disappearance each year, the Secretary of Agriculture would consult with each domestic company and dealer to obtain a realistic estimate of their U.S. burley needs for the upcoming growing season. The estimate would become a factor in establishing yearly quota for growers. The Secretary would be granted authority to adjust allotments by more than 10 percent to bring production in line with disappearance, after consultation with farm leadership.

2. The producers believe that it is unrealistic to expect U.S. burley with no subsidization to be price and quality competitive with foreign burley when foreign governments subsidize their production and exports. An import quota should be established where foreign subsidies exist or where domestic companies or dealers contract, grow burley, or encourage it to be grown in a foreign country.

3. Producers cannot manage supply with unlimited imports. Imports should be limited to 10 percent of U.S. burley disappearance.

4. The buying interests desire a large supply in the pool. Farmers under the NNC program cannot afford to have large supplies in the pool. Farmers feel that 50 million pounds is an adequate carryover and will assume obligation for that amount. Losses due to excess supply (that sold at a loss when supply exceeds 50 million pounds) should be the obligation of buyer companies or the CCC.

5. Sale of only 100 percent of quota should be allowed, but the Secretary of Agriculture should have the option of allowing 110 percent sale in the event of a short supply.

6. If the leasing provision weakens Congressional acceptance of the tobacco price support system, farmers might consider the elimination of leasing and permit sale of allotments within county lines with a 15,000 pound limit per allotment. Purchasers of quota under this provision would not be permitted to sell any quota within 1 year of purchase.

7. Reciprocal trade agreements could be developed by prohibiting burley immports from those countries that do not permit import of U.S. burley tobacco products.

8. If import quotas are proclaimed, farmers would consider a reduction in price supports as follows:

    a. cap the NNC assessment at 10 cents,

    b. for each 1-cent reduction in NNC assessment, reduce the support by 2 cents, and

    c. limit the NNC fund to $100 million. Limit NNC fund use to losses after sale of the crop.

9. Due to the drought disaster of 1983, that crop of pool stocks should be removed from the NNC obligation as an emergency measure because of the impact on tobacco farmers over and above the effects of the drought.

10. Farmers in general recognized that U.S. burley prices were increasing faster than world prices and have agreed to support price freezes since 1982, resulting in income reduction of approximately 30 cents per pound.

Farmers desire to be competitive and need the cooperation of all burley interests in developing a tobacco program for the future. The value of U.S. burley to the industry must not be overlooked. Burley producers need a burley tobacco program if the family farm is to survive.

LEAF TOBACCO EXPORTERS ASSOCIATION INC. (LTEA)

The LTEA is a nonprofit trade association of 45 companies engaged in the export sale of American-grown leaf tobacco. Their members purchase about 70 percent of all U.S.-grown tobacco and export practically all U.S. unmanufactured tobacco that is shipped overseas. Their purpose is to protect and promote the market for American leaf tobacco.

LTEA believes that current support prices for tobacco are too high, as U.S. tobacco has lost its competitive position in world markets. Since higher support prices have encouraged foreign buyers to seek alternative supplies, support prices for tobacco must be lowered to regain U.S. slumping world market share. LTEA suggests that support prices should be related to the cost of growing tobacco plus a 15 to 30 percent margin to cover land costs, and a profit to the grower.

LTEA does not favor continued cuts in grower quotas. As quotas are cut, the cost of leasing quotas must go up, and as growers are forced to reduce plantings, their costs will increase as overhead costs will have to be spread over fewer pounds.

LTEA strongly supports an open international trading system. They oppose any proposed protectionist measures, such as increasing the duty by reclassifying leaf tobacco, grading imported tobacco, or imposing emergency Section 22 quotas on tobacco imports. Such protectionist measures will result in retaliation by U.S. trading partners, and further reductions in U.S. tobacco exports, according to LTEA.

TOBACCO GROWERS ASSOCIATION OF NORTH CAROLINA (TGANC)

TGANC represents the flue-curred tobacco growers of North Carolina, who produce 60 percent of the U.S. flue-curred tobacco.

The Association favors lower price supports which would help make U.S. tobacco more competitive in world markets, increase exports, and help reduce Government-owned stocks. The formula for setting loan rates must be revised to allow greater flexibility in setting individual grade prices and prices need to reflect world supply and demand conditions affecting individual grades. The lower price support level and the greater flexibility would correct the problem inherent in the present system which requires that any price cuts made on lower quality grades must be added to higher grade tobaccos. This has further priced higher quality tobacco out of world markets, according to TGANC.

TGANC supports legislation that gives the Secretary of Agriculture additional discretionary authority in setting price supports. This avoids the need for Congressional action every time adjustments are needed.

Price support increases would cause Government-owned stocks to accumulate, leaving the Secretarty with no alternative except to further cut quotas. Given a choice, TGANC would choose lower prices rather than cuts in quotas. Further lowering of quotas would also set off another increase in quota lease rates causing additional financial strain to growers, according to TAGANC.

Reducing CCC-held inventories is critical to the well-being of tobacco growers. TGANC requests that every available alternative be explored, including barter for strategic materials, P.L.-480 funds, export subsidies currently authorized by law, and any other means that will help expand tobacco exports and reduce inventories.

TGANC opposes the elimination of lease and transfer which, if eliminated, would require that all tobacco be grown only on those farms to which the allotment belongs. Over time, lease and transfer has allowed tobacco to move into sections of counties most suited for raising tobacco. If more restrictive limitations on lease and transfer is authorized by Congress, TGANC asks that the transition be gradual. They request that as a minimum, lease and transfer be extended to 1989.

TGANC also supports legislation that moves possession of tobacco allotments away from owners and into the hands of growers. The process must be gradual, as any quick sale of allotments may cause immediate financial strain to young growers. They also oppose any legislation that would arbitrarily take allotments away from owners, as those allotments have been bought and paid for and as such, have become property rights and should be respected accordingly. Inheritance provisions should also be included to protect widows and minors who are presently dependent on the income from their allotment. The most effective action that could be taken to encourage the orderly sale of allotments would be to give some assurance of permanency to the program.

To qualify for price supports, tobacco producers must contribute to a fund established by the cooperative association that administers support loans to producers. The assessment helps cover the cost of operating the price support program and is levied on a per-pound-of-tobacco-marketed basis checked off at the warehouse upon delivery. Double assessments levy both the grower and allotment owner and have been eliminated, and TGANC opposes any efforts to revive them. Double assessments do not work as the grower has paid the additional assessment rather than the allotment owner, according to TGANC.

TGANC requests that in the future, should a carryover pool become necessary for tobacco raised over and above its quota, that the ASCS be allowed to reduce allotments proportionately for the following year at the time growers are notified of their allotment and effective quota. Those growers contributing tobacco to a pool should also help pay the cost of the price support operation.

TGANC supports the concept of requiring allotment holders to share in the risks of producing tobacco. Penalties for violating this must be severe and it may be necessary to increase the monitoring of enforcement efforts. A county tobacco advisory committee made up of active tobacco growers from townships where tobacco is raised may prove helpful in this.

It is recommended that tobacco continue to be covered under seperate legislation and not combined with the general farm program.

AMERICAN SUGARBEET GROWERS ASSOCIATION (ASGA)

ASGA represents virtually all of the 14,000 sugarbeet growers in the United States.

Their Association recommends that the current sugar price support program be continued in new farm legislation with changes to reflect increasing costs of production. There are no deficiency payments, payment-in-kind, farmer-owned reserves, or acreage diversion programs authorized for sugar under current law. The growers maintain that their program has been a no-net-cost program to the Government, has assured consumers of adequate supplies and stable prices, and has served as a safety net to sugar producers.

They oppose any quota increases that would threaten to push the U.S. raw sugar price below the established market stabilization price.

Unfair competition from the depressed and subsidized world sugar market would force the CCC to purchase domestically-produced sugar, thus jeopardizing the support price program.

The Association also contends that all exporters of sugar to the United States receive a substantial premium over the current world price.

CORN REFINERS ASSOCIATION

The Corn Refiners Association is the national trade association representing the corn refining (wet milling) industry of the United States. The industry annually uses nearly one-sixth of the total U.S. cash corn production.

Their major concern is that the industry have a readily available supply of corn, and therefore they oppose rigid acreage reduction programs which could limit supplies for corn refiners. As of this writing, the Association had not made any recommendations regarding loan and target prices for corn or other commodities.

The Association believes that continuation of the current sugar program is basic to the survival of the domestic sweetener industry. They acknowledge that the price support program for sugar has also insulated the corn sweetener market from the world sugar market. The Association would prefer that the sugar program be operated without the use of import quotas, but recognizes that such quotas are of vital importance to insure a no-net-cost sugar program, and that they have provided some benefits to sugar exporters in the current world market situation.

As corn and sugar are competing crops within the sweetener market (corn currently has 40 percent of the sweetener market), the Association would not support a target price concept for sugar.

As of this writing, the Association has not made specific recommendations for improving grain exports, but believes that Congress should provide authority for direct funding of countersubsidies and export credits when traditional U.S. export markets are threatened by subsidized competition. Efforts also should be made to strengthen GATT provisions regarding government subsidized competition.

FLORIDA SUGAR CANE LEAGUE

The Florida Sugar Cane League represents sugar cane growers in Florida. The sugarcane industry in Florida produces one-third of the sugarcane grown in the United States.

The League argues that the United States sugar industry, although among the most efficient in the world, cannot compete with foreign sugar that is heavily subsidized. They believe the United States cannot compete with "excess" sugar that is "dumped" on the world market after a country has sold a majority of its sugar at negotiated prices above the U.S. support price. No country can produce sugar at the current so called "world price", according to the League.

The League favors the current sugar program that is in effect with minor modifications to cover increased costs of production.

HAWAIIAN SUGAR PLANTERS' ASSOCIATION

The Hawaiian Sugar Planters' Association represents all sugar growers in Hawaii, who account for roughly 17 percent of total U.S. sugar production.

The Association believes that the current sugar program is critical to the survival of the sugar industry on their islands and urge its continuation in the new farm bill.

SUGAR USERS GROUP

The Sugar Users Group is a coalition of trade associations representing industries which use large amounts of sugar in their products. The member companies of those trade associations use about 70 percent of the sugar consumed in the United States. As users of sugar they are interested in obtaining raw sugar as cheaply as possible.

They recommend an elimination of sugar quotas which have artificially raised domestic sugar prices in order to avoid forfeiture of large amounts of sugar to the Government. They believe that such imposed quotas greatly reduce sugar supplies and drive consumer prices higher. If quotas can't be lifted then at least they should be relaxed when actual domestic sugar prices exceed the market stabilization price (MSP). The MSP is a target price established by the USDA at a level necessary to ensure that no sugar would be forfeited to the Government. Such actions would keep domestic prices at desired targeted levels, according to the Association.

A processor must agree to pay the minimum support price to any grower who supplies sugar beets or sugarcane under current law. Prices are supported through a nonrecourse loan program. Beet sugar loan rates are determined in relation to those of cane. The price support program is administered in such a manner that no sugar forfeitures will occur. This is accomplished by setting the MSP at levels significantly higher than the support price.

The USDA determined that it would not charge interest on sugar loans if a producer defaulted and forfeited sugar and the producer would not have to pay handling and freight. Therefore it was necessary to make certain that the market was higher than the loan rate plus interest, handling, and freight to avoid an incentive for forfeiture. Those costs plus an additional incentive factor were incorporated into the MSP which made certain that no producer would ever forfeit sugar to the Government.

As presently administered, the differential between the loan rate and the MSP for sugar is in excess of what is needed and should be lowered, according to the Sugar Users Group. They suggest some modifications to reduce the MSP without affecting the amount of the loan or increasing the likelihood of sugar forfeitures. Possible changes could include:

1. Processors currently pay interest when the sugar under loan is redeemed, but if the sugar is forfeited, there is no interest payment. Therefore, if interest charges are required to be paid on forfeitures as well, the MSP could be reduced by the amount currently allowed for interest.

2. Under current law, transportation costs are borne by the Government if producers forfeit their sugar and are illogically based on the extremely high cost of shipping sugar from Hawaii to the East Coast. If producers bore the cost of transportation upon forfeiture or if transportation rates were based on a regional basis rather than from Hawaii to the East Coast, the transportation factor could be reduced, if not eliminated entirely.

As a final recommendation, the Sugar Users Group would favor a direct reduction in the sugar support price level.

U.S. BEET SUGAR ASSOCIATION

The U.S. Beet Sugar Association was formed in 1911 and represents sugar beet processors throughout the United States. The Association favors a continuation of the current sugar program. They argue that the program is necessary to ensure survival of the domestic industry, has assured consumers of an adequate sugar supply at stable prices, and has operated at no cost to the Government. They further contend that the program has provided income to the Treasury through duties and fees on imports.

Less than 15 percent of the world's total sugar output is freely traded, according to the Association. The vast majority is consumed in the country of origin or moves under various country-to-country trade pacts. The Association asserts that such a thin market tends to cause price volatility, and that the current sugar program shields U.S. producers and consumers from such price volatility.

U.S. CANE SUGAR REFINERS ASSOCIATION (CSRA)

CSRA represents all of the Nation's independent sugar cane refiners. Their members refine domestically produced cane sugar and imported cane sugar. They are not involved with the production or processing of sugar beets nor do they process (as opposed to refine) sugarcane.

The Association vigorously opposes current sugar legislation which it feels has protected the domestic industry at the expense of consumers, taxpayers, and the rest of the world. It favors a reduction in sugar support prices and an elimination of sugar quotas.

High support prices have priced sugar out of the sweetener market and have thereby reduced the demand for imported sugar to the detriment of developing Latin American nations, according to the Association. The use of sugar quotas has furthur cut sugar imports and such actions have denied those countries of precious foreign exchange. The net impact is that those countries have fewer dollars with which to purchase U.S. agricultural commodities and products, and ultimatly, U.S. exports decline. Such policies further hamper administration attempts to fight protectionism and liberalize world trade.

Current sugar legislation has cost American consumers billions of dollars in higher prices for sugar and sugar-containing products, according to CSRA, and has aggravated the budget deficit because of the shift from import fees to import quotas. The program has also led to excessive domestic production.

Lowering support prices to market-clearing levels and elimination of import quotas is the approach needed in future farm legislation. Setting loan levels on cost of production is ineffective because costs vary so much among producers. Perhaps, moving average loan rates along the lines of that used for soybeans should be considered.

THE AMERICAN BEEKEEPING FEDERATION

The American Beekeeping Federation represents all facets of the industry including hobby, sideliner, and commercial beekeepers, equipment suppliers, packers and processors. Their membership of 2,000 represents all 50 States with Florida, Minnesota, and California leading in numbers.

The Federation favors a continuation of some kind of price support program. Loan levels set at parity percentages need to be adjusted in some manner, but support levels set at the Secretary of Agriculture's discretion are not recommended. Producers should also pay interest regardless if loan is forfeited or not.

As the present honey price support program is not part of the Farm Bill, the Federation favors a continuation of the program under separate permanent legislation.

They believe that quotas or increased tariffs imposed temporarily on honey imports are absolutely necessary to protect the honey price support program and the domestic honey industry. Currently Mexico and Europe impose high duties which effectively raise their import price by as much as 60 percent. Negotiations to lower tariffs in those and other countries must be intensified so that U.S. honey can be more competitive in world markets.

The Federation supports legislation that would allow the industry to assess beekeepers and importers for funds for promotion and market development. Tight import restrictions and increased domestic demand would reduce present stocks and reduce the CCC's acquisition of honey considerably, according to the Federation.

The Statistical Reporting Service should resume acquiring and publishing honey production data. This information is essential for estimating honey parity prices and establishing support levels.

Increased research efforts are needed regarding all aspects of the beekeeping industry. Some of the research areas needing immediate attention are bee mite research and colony management. Other important research areas include insect control programs, Africanized bees, pollination, and fumigants for honey combs.

THE AMERICAN HONEY PRODUCERS ASSOCIATION

The American Honey Producers Association represents over 600 commercial and avocational beekeepers. The Association has justified its price support requests on the basis that honeybees perform a vital pollination service to many agricultural crops at a value that far exceeds the value of honey and bee's wax. Also, they regularly call attention to the ecological importance of the honey bee which is actually responsible for 85 percent of all pollination and that most of this important service is free.

Their association favors a continuation of the current price support program that includes both a loan and a direct purchase option from CCC. To help prevent further accumulation of CCC stocks, the Association feels that relief from imports is of vital importance. They feel that duties and quotas or some variation of target price incentive payments would solve the problem.

AMERICAN SOYBEAN ASSOCIATION (ASA)

ASA was founded in 1920, and is one of the oldest commodity groups. They have 30,000 members and their programs are supported by over 450,000 soybean farmers through 25 Statewide soybean checkoff programs.

ASA traditionally has advocated a free market system for agriculture with little or no government intervention. ASA recommends that the current soybean loan program be continued at a level equal to 75 percent of a moving 5-year average of market prices, with a minimum loan level of $5.02 per bushel.

Efforts to expand foreign demand for U.S. soybeans and soybean products are a better alternative to costly and counterproductive high price supports. Removal of trade barriers, adequate export financing, economic assistance to developing countries and continued Federal support for overseas market development programs should all be used to enhance foreign demand and increase exports.

ASA opposes any protectionist trade legislation or regulatory restrictions that shield inefficient domestic industries from world competition. They vigorously oppose protectionist import policies on soybeans and soybean products by foreign countries. They request that strong action be taken to prevent the European Community's adoption of a consumption tax on fats and oils or import quotas against non-grain feed ingredients. The ASA endorses any U.S. efforts to convince Brazil, Argentina, and other nations to eliminate their use of export subsidies on soybeans and soybean products, and if necessary, to withhold financial assistance to those nations.

While the subsidy programs of other nations continue, the United States should make available reduced interest loans or make use of any other competitive export tools to help the domestic soybean industry compete with those subsidizing nations.

ASA renounces the use of agricultural export embargoes except during periods of a declared national emergency or war. Any embargo, if imposed, should include all sectors besides agricultural commodities. The "contract sanctity" law, which prohibits cancellation of agricultural export contracts where delivery is scheduled within 270 days of the date of imposition of any embargo, should be retained.

The CCC Revolving Credit Fund should be funded at a minimum level of $2.5 billion to help finance U.S. agricultural exports. The United States should also implement the GSM-301 intermediate-term credit program. The program provides funds to developing nations for construction of facilities needed to efficiently import and utilize U.S. agricultural commodities and agricultural products.

The volume of P.L.-480 funds should be expanded and when local currencies are generated in the sale of soybeans or soybean products, those funds also should be utilized to expand and improve recipient countries' importing facilities. Particular attention should be given to facility location so as to give U.S. producers the greatest possible advantage in supplying commodities to the market.

Food self-reliance should provide the basis for U.S. agricultural development assistance programs to the lesser developed countries. The United States should assist nations to produce only those commodities which they have a distinct comparative advantage to produce. All assistance programs should be designed to maximize U.S. exports to the recipient nation. Assistance should not be provided which results in a comparative advantage to non-U.S. agricultural exports. The United States should, where possible, leverage commercial export financing with concessional economic assistance loans or grants in "mixed credit" arrangements to expand U.S. exports to developing nations.

ASA opposes expansion of cargo preference legislation which, if passed, would require an increasing percentage of commercial export and imports of commodities to be shipped on U.S. flag vessels. Elimination of cargo preference subsidies or placement of a 25 percent cap on rates that U.S. flag vessels can charge above foreign flag ships would force the U.S. maritime industry to be more competitive.

The ASA opposes the transfer of the Office of the U.S. Trade Representative to the Department of Commerce or any other agency. Recognizing that agriculture is the Nation's leading export industry, it is essential that agriculture be represented in deciding monetary policy. Therefore, ASA also suggests that agriculture representation appropriate to its economic importance be appointed to the Federal Reserve Board.

NATIONAL SOYBEAN PROCESSORS ASSOCIATION

The National Soybean Processors Association represents independent and cooperative soybean processors, grain firms, feed companies, and other agribusinesses involved in grain and feed processing and wet corn milling.

The Association favors a more market oriented approach in addressing a future agriculture policy, but members had not reached a consenses regarding any specific proposals or policy tools to use in acheiving such an approach, as of this writing.

NATIONAL SUNFLOWER ASSOCIATION (NSA)

NSA represents growers, firms, and organizations associated with the sunflower and its products, including growers' councils, seed companies, processors, exporters, researchers, chemical firms, and merchandisers. Their membership of 10,000 seeks to improve the general sunflower industry.

Sunflower producers have always relied on the marketplace, as the crop has never been included in farm commodity programs. As of this writing, NSF has not made any specific recommendations for the farm bill but does appear to favor a continued market-oriented approach, free of any government intervention, for sunflowers.

NSA would support a more market-oriented approach for all commodities but recognizes the need for continuation of some type of income transfer program. They believe that the transition to a more market-oriented agriculture involves difficult, painful, shortrun adjustments, making an income transfer to farmers necessary.

If the level of government intervention were to increase for agriculture, NSF questions whether a nonprogram crop such as sunflowers could compete for domestic acreage and foreign markets. Additional government controls and higher price supports could necessitate the use of export subsidies and the consequences would be dramatic for sunflowers as nearly 90 percent of the crop currently is exported in raw or processed form, according to NSF.

NATIONAL PEANUT GROWERS GROUP (NPGG)

NPGG is a federation of 12 State and regional peanut grower organizations throughout the entire peanut belt.

They believe that the basic framework for the current peanut price support program should be continued in new farm legislation. They contend that the current program has realized higher farm prices and incomes while providing a continuous supply of reasonably priced peanuts for consumers. Elimination of acreage allotments has enabled anyone to raise peanuts and has increased the potential for production of additional, or nonquota peanuts for the export market. Production of additional peanuts assures a continuing developing export market for peanut growers. The present two-price program with sharp reductions in quota production has substantially lowered program costs, according NPGG.

NPGG has not made any recommendations to improve the current program as of November 1984. They are aware that the industry has pointed to the need for a more realistic level in the national poundage quota and a need to bring about more stability in the contracting of additional peanuts.

PEANUT BUTTER AND NUT PROCESSORS ASSOCIATION (PBNPA)

PBNPA members process and package peanut butter, peanut butter cracker sandwiches, salted and roasted peanuts, mixed nuts, and other food products containing peanuts.

The Association recommends elimination of the current quota allotment system whereby only those persons possessing poundage quota allotments may produce peanuts for the U.S. market. The current law basically has been in effect since 1938, but was amended in 1981 to change acreage quota allotments to poundage quota allotments and to permit anyone to produce peanuts for export and edible oil use. Such peanuts are classified as additional peanuts. Peanut production for domestic edible use, however, is still controlled and limited to those producers who held poundage quotas in 1981. Poundage quotas specify the quantity of peanuts a producer can sell at a guaranteed quota support price. Price supports for peanuts grown under quota (quota peanuts), are higher than for additional peanuts. Poundage quotas are assigned to specific farms. These quotas may be rented so that the peanuts authorized by the quotas may be produced on other farms in the same county, but they may not be transferred out of a county or state.

Because there is substantial renting of quota allotments by the owners to others, many growers do not receive the intended program benefits provided under the current law, according to the Association. The current system prevents entry into the business and restricts output, raising prices to consumers.

To prevent interference with the program, Section 22 of the Agricultural Adjustment Act has been invoked for many years with the importation of peanuts virtually embargoed (There is a microscopic import quota of 1,709,000 pounds which may be entered during each 12-month period commencing August 1). It is most discriminating to industrial users and consumers when there is a shortage of domestic peanuts and peanuts may not be imported without pursuing the time-consuming process of getting the Section 22 import restrictions eased, according to the Association.

Export of peanut products is virtually prohibited to Canada and Mexico because of regulations requiring U.S. manufacturers to use the higher priced "quota" peanuts in their products that are exported to those countries, while at the same time permittting the sale of lower priced "additional" peanuts to Canada and Mexico.

While the Association opposes the current poundage quota allotment system, it is not opposed to a peanut program comparable to the agricultural programs in effect for other commodities. The program could be a marketing regulation or order, a target price program, or continuation of the price support program with full discretion in the Secretary of Agriculture to establish the level of price support. The Secretary then could establish a level of price support which would protect producers but not at such a high level as to encourage excessive production. This would permit anyone wishing to do so to enter the market.

SOUTHEASTERN PEANUT ASSOCIATION

The Southeastern Peanut Association is composed of all the commercial peanut shellers and crushers with operations located in Georgia, Florida, and Alabama. Formed in 1919, it is the oldest existing organized group in the American peanut industry.

The Association recognizes the desirability and need for some type of stabilizing peanut program, and feels that a continuing two-priced system approach is probably the most practical and feasible under existing circumstances.

They support a future price support program that will assure an adequate supply for the market, at acceptable income levels for American producers, and with minimal cost to taxpayers.

Under current law, processors may buy back additional peanuts at quota price. The Association recommends that either this provision be eliminated or a minimum markup amounting to 105 percent of quota value plus CCC handling costs be established for purchase of additional peanuts to be moved into the domestic edible market.

The Association recommends that the final date for contracting additional peanuts between producers and handlers be "at time of delivery" during harvest, or a date no earlier than August 15 of year of production.

They believe that the Secretary of Agriculture should be given authority to increase quota production for a given crop by 5 to 10 percent, should such need be determined necessary to supply anticipated demand.

The Association strongly opposes any program provision that would force peanuts into the CCC loan and also opposes the establishment of a minimum contract price for additional peanuts.

SOUTHWESTERN PEANUT SHELLERS ASSOCIATION

The Southwestern Peanut Shellers Association includes nearly all of the peanut shellers in Texas, Oklahoma, and New Mexico. Their members buy peanuts from growers, dry, clean, store, shell, size and grade, and sell them to manufacturers of peanut products. They also assist the USDA in carrying out the peanut price support program by handling loans and making storage facilities available on loan peanuts.

The Association generally believes that the present peanut price support program should be continued. According to the Association, CCC-held stocks of quota peanuts and program costs have been dramatically reduced by implementing strict poundage quotas.

The Association objects to the adjustments made in the method of determining cost of production. According to the Association, such adjustments are unrealistic and result in a figure significantly below the cost of production that will permit many farmers to continue in peanut production.

AMERICAN FARMLAND TRUST (AFT)

AFT was founded in 1980 as the only national, nonprofit organization committed exclusively to conserving agriculture's natural resources.

It recognizes that instability is an inherent problem in agriculture, and suggests policies to help minimize such instability to farmers and the food system, consumers, and taxpayers. Meeting the objective requires policies which consistently dampen the world market's normal instability and which are sufficiently flexible to respond to the severity of each situation.

It also believes that future policies should promote a freer and more competitive world trading system while maintaining U.S. access to world markets.

A major goal of agricultural policy should be to ensure the long-term sustainability of the agricultural resource base. AFT is concerned that erosion threatens the long-term productivity of the soil in many areas and that water supplies are being overused and depleted. Prime agricultural land is being converted to nonagricultural uses and the availability of cheap energy and energy-intensive agricultural inputs can be expected to decline, according to AFT. AFT believes that current conservation programs provide only mimimal protection against such threats, and they frequently conflict, with the Government paying for modest conservation efforts while commodity programs encourage farmers to plow fragile lands and deplete limited water supplies.

They feel that present policies encourage production even when surpluses persist. A more appropriate policy would help farmers protect resources and adjust to market needs, providing more realistic incentives and distributing benefits more effectively and equitably.

AFT suggests a farm policy option that includes the following:

1. an agricultural resource conservation policy that integrates conservation and commodity programs, including a long-term conservation land reserve to help farmers shift their most highly erodible land to sustainable productive uses,

2. reserves of commodities and land to ensure adequate supplies for domestic consumption and export and to ameliorate economic instability,

3. price support loan rates based on recent market prices, and income stabilization for farmers most needing it, with deficiency payments limited to smaller farms, and

4. more equitable distribution of program benefits.

Their option would directly integrate commodity and conservation policy. Strong "sodbuster" rules would deny program benefits to farmers who plow fragile land. As much as 30 million acres of highly erodible cropland

presently in use would be bid into a long-term conservation reserve. And, a 3-year land diversion program would work in tandem with commodity reserve programs in the event that surplus production persists.

The option would continue price support loans for all farmers and income deficiency payments to farmers who sell less than $150,000 annually. Loan rates and target prices generally would be lower than current levels. Loan rates would be a minimum of 90 percent of the average farm price over the preceding 5 years, excluding the highest and lowest years.

The commodity reserve would be greatly simplified. Target amounts would be established for feed grains and wheat on the basis of average total use. Producers could bid to receive storage payments for reserve grain, but would be allowed to sell from the reserve at any time (that is, there would be no specific release price).

CARGILL INC.

Cargill is a privately owned corporation that buys, processes, stores, transports, and sells agricultural and other bulk commodities on a worldwide basis.

Cargill believes that new farm legislation should be designed to help the United States regain its share of world markets. New farm legislation should include market oriented loan rates, a cap on reserve stocks, and elimination of acreage set-aside programs. Schemes to enhance market development and temporary adjustment programs to protect producers during the transitional stage to a more self-sustaining farm economy must also be included in new farm legislation.

Loan Rates

Loan rates for commodities should reflect market conditions and possibly could be structured along the same lines as soybeans or cotton. New farm policy might also consider a loan program that includes:

1. a reference price that reflects world market values,

2. a formula that is flexible enough to reflect shifts in supply and demand,

3. a percentage value that is low enough to ensure that price signals are felt early and not delayed, and

4. no minimum price level.

Reserves

Cargill favors capping the level of U.S. government-owned or -controlled stocks to prevent any further stock accumulations. They suggest several possible ways to cap the reserves. One method would place a total volume ceiling on stocks, (for example, 2 billion bushels), with commodity shares determined by relative prices. The alternative could be commodity-specific ceilings (for example, 10 percent of use for feed grains, or 15 percent of use for wheat).

Methods must be available for allocating access into the reserve on a fair and predictable basis. Two alternatives include:

1. Determination of entry by auction where farmers bid the loan level or the storage rate they would need to store reserve grain, with the Government accepting the lowest bids first.

2. Government offer of loan levels and storage rates, until goals are met. Geographical and quality factors also could be incorporated.

Releasing stocks should rely more on farmer discretion. This could be achieved through a storage contract that:

1. requires farmers to hold the stocks a minimum period unless freed from that obligation by the Secretary,

2. pays farmers rates they bid to store that grain, and

3. leaves farmers free to sell when they wish after the minimum holding period expires, with storage payments ceasing at time of sale.

Eliminating Set-asides

Cargill recommends that the Secretary's set-aside authority be eliminated. They feel that set-asides encourage other competing countries to increase production and expand exports. Cargill also recognizes that set asides are ineffective as farmers cut production on marginal lands and cultivate their remaining acres more intensively.

A policy which eliminates acreage reduction programs will intially increase production and lower prices in the shortrun, according to Cargill. However, this will encourage competing countries to cut their production and ultimately, demand for U.S. commodities will increase.

The approach needs to be supplemented with additional farm program innovations. Such innovations include market development enhancement and temporary programs to assist producers during the critical transitional stage to a more market-oriented agriculture.

Market Development

Food-aid assistance should be expanded for the poorest countries, its use should be tied more closely to market development objectives, more private investment in recipient countries should be encouraged, and the disincentive of cargo preference requirements should be minimized.

Credit guarantee programs should replace direct aid for those countries that are slightly above the poorest countries of the world. Such guarantees could be offered at more generous levels, and phasing down over the years. The guarantees should have more flexible repayment terms (from 6 months to 10 years). To maximize effectiveness of those programs they should be authorized on a multiyear basis.

Reducing trade barriers with the less-developed countries would enhance U.S. market development in those countries as they would obtain necessary currency with which to purchase U.S. commodities.

Temporary Adjustment Programs

Cargill recognizes that the transition to a more market-oriented agriculture will involve difficult short-run adjustments. Consequently, temporary income-supporting schemes must be included during the critical transition stages. Possible tools that could be used are target prices or a paid conservation diversion program.

The target-price concept has contributed to excessive production and often has most assisted the largest farmers, according to Cargill. Target price benefits should focus on the mid-sized farmers and should be calculated on some other manner than cost of production.

A paid conservation diversion program could help defray the costs of moving land to less intensive--but more sustainable--uses or retiring land and farms permanently. Any adjustment programs should help adjust land use and provide a safty net for those producers who need assistance.

CONAGRA

ConAgra is a large multi-nation corporation that distributes, produces, and markets agrichemicals, feed, and fertilizer; transports, trades, and processes agricultural commodities; and produces and markets prepared foods for consumption.

Market Development

ConAgra believes that the United States should strive to be a preferred supplier of grains to the world, rather than a residual supplier. It supports expansion of P.L.-480 programs to assist developing nations, but believes the programs must have greater flexibility to be effective. Numerous bureaucratic contraints have restricted eligibility for recipient countries and limit the effectiveness of the program, according to ConAgra. The recent shift in emphasis from food aid to a self-help program should be closely analyzed as to its effectiveness. Some of these funds may better be utilized by more emphasis on country infrastructure development to handle and process food. Provisions to ship 50 percent of food aid in U.S. ships should be a separate appropriation, and not included in the P.L.-480 budget. Food aid should be targeted toward the most needy countries, be handled to minimize interference with local food policies, and be accompanied by infrastructure development policies to enhance the abilities of countries to distribute larger volumes of food. The distribution process could be handled in a way to help promote desirable economic goals of the receiving countries. The program should be designed to develop commercial trading relationships as countries receiving food eventually develop more of an ability to purchase food.

For commodities of which the U.S. is a low-cost producer, it is essential that policies be implemented that assure that U.S. prices are competitive with those of higher-cost producers. This could require less efficient competitors to use shortrun countersubsidies to prevent erosion of market share, and would dramatically increase the cost of subsidies to political entities like the EEC, according to ConAgra. More longer term solutions may revolve around extensive new GATT negotiations that more directly involve agricultural issues and cooperation with the EEC in food aid support. ConAgra believes that for now, U.S. agriculture needs the appropriate policies to meet the price of less-efficient producers in the marketplace.

Loan guarantees and credit supports can also be effective in the short run to maintain exports to countries with temporary foreign exchange or excessive debt-level restraints. Repayment of loans in foreign currencies may be a viable alternative, according to ConAgra.

ConAgra opposes protective policies that restrict imports. Such restrictions invite retaliation from other countries resulting in a decline in agricultural exports.

Domestic Programs

ConAgra recognizes that rebuilding market share will take time and therefore a safety net must be provided for farmers. They believe that farm programs must be redesigned to separate income protection programs from price support and acreage reduction programs. They firmly believe that income protection is required for farmers who need it most (middle-size family farms relying on farm income for growth and survival). ConAgra supports immediate, extensive

study to design program alternatives that can give income protection without forcing commodity prices artificially high. They believe that the use of commodity price supports to protect income is the wrong approach. Smaller, less efficient farms present a different social problem that may also require non-commodity-oriented programs.

Target Prices

ConAgra supports a phasing out of target prices. If target prices are not eliminated, they should be lowered to prevent artificial incentives for expanding production.

Loan Rates

Loan rates if they are used, should be set at levels that do not reduce U.S. market share. ConAgra favors a formula basis for setting loan rates, with some flexibility to adjust rates granted to the Secretary.

Acreage Reduction Programs

ConAgra believes that set-asides, paid diversions, and PIK programs should all be eliminated. Set-asides are not an efficient supply management tool because farmers take the marginal land out of production first. Set-asides also result in loss of jobs and draining of tax dollars due to farmers not farming the land, according to ConAgra. They suggest that a longer term conservation program to retire or idle the most fragile land on a more permanent basis might be an appropriate substitute for the set-aside.

Farmer-Owned Grain Reserve

ConAgra recommends that if the FOR is continued, it should be capped at a realistic percentage of average production and the loan rate for the reserve should be no higher than the regular loan rate. Trigger prices to release reserve stocks should be set at levels closer to the loan rate.

CONTINENTAL GRAIN CO.

Continental is a privately-owned corporation that merchandises grain, oilseeds, and other commodities worldwide, and also processes, transports, and stores commodities. The basic philosophy of Continental is that American agriculture should become more market-oriented.

Support Prices

Continental favors a loan rate for all commodities that is similar to that used for soybeans, (that is, the previous 5-year average market price excluding the high and low, multiplied by 75 percent).

Target Prices

Government-mandated target prices and those based on cost of production have contributed to surpluses, excessive Government costs, and limited effectiveness of the farmer-owned reserve, according to Continental. They recommend that target prices be more market-oriented.

Continental believes that deficiency payments should be eliminated for very large farmers and part-time farmers (those who receive more than half of their income from non-farm sources). Payments should be made to those smaller full-time producers who are in most need of a direct income transfer, according to Continental.

Farmer-Owned Reserve

Continental recommends some changes to improve the FOR:

1. Cap the size of the reserve for wheat and feed grains.

2. Do not allow direct entry into the FOR (under current law, producers must first enter grain under the regular CCC-held loan).

3. Set the loan rate for the FOR at a level no higher than the price support loan rate in the year when the crop is produced.

4. Do not forgive interest until the commodity has been in the FOR at least one year.

5. Set a release price and a call price for each FOR.

6. Establish competitive bidding for storage rates, (producers would bid a storage rate that they would need for participation and the government would accept the lowest bids first).

Land Diversion

Continental opposes the principle of paying farmers to divert land if only for "conservation" use. Instead, land should be shifted to an appropriate use (pasture or hay) and for an extended period. If future legislation does permit a paid diversion, the program should provide for bidding rather than paying a predetermined price. Through a bidding scheme, producers would bid an amount they desire to be paid to retire their acres, and the Government would accept the lowest bids first.

Market Development

Continental believes that market oriented programs are the best solution for improving exports. Continental supports short-term credit guarantee programs like GSM-102 but recognizes that many recipient countries are unable to repay their debt, resulting in larger budget outlays. They strongly endorse the funding of intermediate credit programs such as GSM-301, which has been authorized by law but never funded. Funding the program would greatly enhance U.S. exports in the long run. Credit assurances should be available in known quantities for several years as it would aid recipient countries in their planning and would increase U.S. sales, according to Continental. Blended credit programs should also be renewed upon expiration.

Continental suggests that if additional food aid is provided to countries in need, that it be short-term and coupled with cost savings in U.S. domestic programs. Programs such as P.L.-480 have long-run benefits as many recipients countries will become commercial buyers of U.S. commodities. They recommend that additional aid could possibly come in the form of grains or soybean oil.

Continental opposes the use of direct subsidies (such as direct cash outlays or export for PIK), as a method to increase U.S. grain sales. They support GATT as it is the only mechanism in the world through which trade barriers might be further reduced and through which disputes can be settled.

Continental recommends consideration of other export initiatives:

1. Instead of funding additional aid, use agricultural commodities in lieu of dollars on existing programs. An example is the Economic Support Fund authorized with the primary objective to support U.S. economic, political, and security interests.

2. Require those countries receiving aid to increase their purchases of U.S. grains when U.S. prices are competitive.

3. Use barter to purchase foreign products, paying for them with surplus U.S. agricultural commodities. This should be considered only on a case-by-case basis.

NATIONAL ASSOCIATION OF CONSERVATION DISTRICTS (NACD)

NACD is made up of the nearly 3,000 Soil and Water Conservation Districts nationwide. They believe that commodity programs must, in addition to having a stabilizing effect on farm incomes and commodity prices, have incentives for proper use and conservation of soil and water resources.

Land seeded to grass and alfalfa as part of a crop rotation or conservation plan should be included as part of the cropland base, and as set-aside acreage, in both the wheat and feed grain programs. Such protection should extend for a minimum of 10 years. Farmers establishing permanent conservation practices such as terraces often have their basic crop acreages reduced during installation years. NACD believes that those acres should be protected and included as part of the cropland base.

Crop set-aside acres should have a cover crop, crop residue, or other accepted conservation management practice to protect the land from erosion. Landowners or operators receiving financial assistance from USDA commodity programs or FmHA loans should operate their lands in accordance with a conservation plan approved by the local conservation district.

Marginal, highly erodable lands (those classified as class IVe, VIe, VII, or VIII by SCS) should not be given an acreage base in USDA commodity programs in the future, unless such lands are operated under a conservation plan approved by the local conservation district.

A longterm paid diversion program should be used to convert marginal croplands (those classified as IVe, VI, VII, and VIII by SCS) back to grass or trees. This would be accomplished through cost-sharing and land rental payments between USDA and the landowner. Any lands taken out of crop production would be disqualified from all future farm program supports.

NACD supports sodbuster legislation which makes farmers ineligible for farm program benefits on highly erodible land that has been broken up to crop land.

A conservation PIK program should be implemented to make conservation cost-share payments to producers with surplus CCC commodities.

Economic incentives could be provided for those landowners who enter an agreement with the conservation district to voluntarily install and manage a conservation system on their land. These incentives might include: Reduction in real estate taxes, State and federal income tax credits, lower federal crop insurance premiums, and lower interest rates from FmHA.

NORTH AMERICAN EXPORT GRAIN ASSOCIATION (NAEGA)

NAEGA represents large grain exporters such as Continental Grain Co., Bungee, and Cargill.

They believe that a new agricultural policy that only considers domestic programs and ignores ways to improve exports will fail. They feel that the United States must regain and improve its share of world markets if U.S. agriculture is to survive.

Government policies that have limited U.S. grain production, raised support prices, and imposed grain embargoes have essentially given away markets to competitors, according to the Association. They feel that acreage restriction programs with paid diversions are not the answer, as other countries have increased their production. The net result has been a decrease in export potential for the United States as competing countries continue to increase their production. Furthermore, farmers have still increased their production even when enrolled in acreage-reducing programs. Therefore, improving exports is the only way to rid the United States of excess production as domestic consumption potential is limited.

The Association recognizes that reversing the current slump in exports will be slow and difficult. The United States cannot expect to continue asking its larger importing countries to take even more grain. There is no indication that Eastern Bloc countries and the USSR will substantially increase their grain imports from the United States, and third-world countries lack funds with which to buy U.S. grain, according to the Association. The only hope for U.S. exports then, is a gradual increase in sales to existing customers. There are no new markets to be found, and therefore no "quick fix" to U.S. exports.

Other than assurance of no future grain embargoes, increased use of P.L.-480, and credit to foreign countries, the Association had not made any specific recommendations to improve exports as of this writing.

THE FERTILIZER INSTITUTE (TFI)

TFI is a voluntary, non-profit association whose members represent 95 percent of the domestic fertilizer production in the United States. The Institute represents over 300 member companies including producers, manufacturers, traders, and retail dealers. They believe that a long-term optimum U.S. agricultural policy should be maximum production consistent with the lowest possible unit cost.

Market Enhancement

Export sales are vital to farmers and TFI believes that new farm legislation should reflect this with a seperate title on exports.

They strongly recommend a "volume bonus" program to improve exports. The program would offer "bonus" commodities to traditional customers who increase their annual purchases of U.S. commodities and could serve to attract new customers during times of U.S. surpluses.

Export credits should be continued, but with caution, to avoid overextension of debt. Export credits should be used only to meet export competition, not as an across-the-board marketing tool. Where repayment is unlikely for some recipient countries, P.L. 480 should be substituted and expanded to include both sales and increased import infrastructure construction. Such assistance should be tied to longterm purchase agreements.

The credit difficulties of many trading customers underscore the necessity of those countries earning their own foreign exchange through exports. A review of and assistance to the export of commodities or products not in competition with U.S. commodities would be appropriate and could greatly relieve some countries' credit problems, according to TFI.

Delivery guarantees or contract sanctity should be assured for any export sale without question. More bilateral trade agreements should be negotiated. As long as export competition enjoys bilateral agreements and the U.S. fails to obtain them, U.S. agriculture will remain the residual supplier to the world, according to TFI.

Acreage Reduction Programs

TFI would accept a volunteer acreage reduction program to help reduce surpluses as a short-term measure. The industry can respond to acreage cuts by adjusting fertilizer production if such acreage reductions are announced far in advance. TFI is highly critical of the earlier PIK programs as they were announced too late, and fertilizer suppliers were left holding large unpurchased inventories. They strongly oppose any future PIK programs.

Transportation

The fertilizer industry depends heavily on the Nation's transportation system to move its products. Therefore, TFI has taken an active role in transportation issues including:

Cargo Preference

TFI strongly opposes cargo preference legislation that would require 50 percent of the exports moved under USDA's blended credit programs be carried on U.S.

flag vessels. The USDA export program "blends" CCC loan guarantees to countries purchasing U.S. farm products with a second program that allows CCC loans at minimum or no interest rates. Use of U.S. flag ships for farm exports would add 100 to 300 percent to the cost of such shipments, a cost that totally negates the edge which the blended credit program now gives U.S. farm commodities in the world market, according to TFI.

Rail

TFI advocates legislation to help prevent monopolistic actions by rail carriers. Specifically, it supports legislation that would free shippers from railroad monopoly power by requiring competitor access to railroad facilities. Mandated access would help restore railroad competition which has declined dramatically, according to TFI. The Institute also feels that railroads must be held more accountable for the rates they charge shippers. Perhaps a board or commission could be designated to monitor rail rates charged by railroads. TFI is also very concerned about the increasing number of branch line abandonments. Such abandonments may limit available agricultural supplies or increase transportation costs to agricultural suppliers.

CENTER ON BUDGET AND POLICY PRIORITIES

The Center on Budget and Policy Priorities is a non-profit research organization founded in 1981 to provide concise, nontechnical analysis of complex issues to the media, policymakers, and the general public. The Center conducts extensive work in the areas of food stamps, child nutrition programs, and benefit and service programs targeted to low income groups including Supplemental Security Income (SSI), Aid to Families with Dependent Children (AFDC), Medicaid, etc. It also studies impacts of fiscal and tax policies on different income groups.

The number of persons seeking aid at emergency food pantries and soup kitchens has greatly increased in recent years, depleting the emergency food available for distribution. Those seeking assistance include both persons left out of Federal food programs and those who do participate in such programs but find that the benefits they receive do not go far enough. Emergency agencies almost universally experience substantial increases in requests for help toward the end of the month. By the last two weeks of the month, many people are out of funds for food because food stamp benefits are insuffient, delayed, or had been reduced, and available cash has been allocated to meet other necessities.

There have been budget cuts in food stamp programs, but the critical finding by the Center was that approximately two-thirds of the food stamp budget savings made in 1981 and 1982 were achieved through benefit reductions affecting households below the poverty line. The Center urges Congress to consider measures to address such serious problems.

Autonomous Food Programs

The Center opposes recommendations authorizing States to establish "autonomous food programs". Under the proposal, States would receive a fixed amount of Federal funds and by their own discretion, the State would distribute the funds to residents entitled to food assistance.

The Center maintains that the autonomous food program approach would inevitably make food stamps and child nutrition programs less responsive to need, resulting in hardships during periods of economic recession. Under the current food stamp program, more food stamps are automatically provided in a State if unemployment rises and more persons become poor in the state. Similarly, more children in a State can automatically receive free school meals if unemployment rises. Needy families or poor children have an entitlement to such benefits regardless of what State they live in. Entitlement to individuals would end under an autonomous program. States would receive fixed amounts of funds and if the amounts proved insufficient, benefits would have to be cut or needy persons left out of the programs, according to the Center.

The Center feels that this is an especially important issue because the number of persons needing assistance fluctuates in a State as economic and demographic conditions change. They contend that it is not possible to design a fixed grant program that adequately meets changing needs.

Proposals to vary the amount of funds to States quarterly or monthly to reflect changes in State population, level of unemployment, and food prices will not

work according the Center, as monthly State unemployment rates are not known until 2 to 3 months later and State population data is typically several years out of date.

Other proposals include allocating funds to States based on forecasts made in advance of the economic conditions in each State. Any overpayments or underpayments made to States would be reconciled when data on actual economic conditions became available. The Center also opposes this suggestion as forecasts often are very inaccurate. The Center does not believe that the idea of reconciling overpayments or underpayments to States can be made to work equitably, since critical data on State population and demographic changes is generally not available for a number of years--leaving no sound basis to figure out the proper allocation to be used for each state when reconciling accounts.

The Center also believes that autonomous food programs are likely to lead to poorer management. Currently, States must lower food stamp error rates substantially or face major financial penalties. The autonomous food programs remove the penalties and States could have high rates of fraud and waste and face no sanctions at all. Consequently the incentives to reduce errors would be lost.

Autonomous food programs could lead to benefit reductions for certain types of poor families who generally have little political power, according to the Center. One of the outstanding features of the current food stamp program (the fact that it automatically helps to narrow the gap among State welfare payment levels by providing more food benefits to mothers and children who are poorer because their State pays low welfare benefits) would be lost.

Error Rate Sanctions

In 1982, the Congress enacted an error rate penalty system that required states to cut their error rates to 9 percent in fiscal year (FY) 1983, 7 percent in FY 1984, and 5 percent in FY 1985 and subsequent years. States failing to do so would face very substantial fiscal penalties. Recently there have been recommendations to enlarge the fiscal penalties on States with error rates above 5 percent for FY 1985 and later years.

The Center believes that such proposals are unnecessary and would seriously weaken the food stamp program. There is no data to show that larger sanctions are needed to get error rates down and they believe that larger sanctions would not reduce error rates but simply would shift program costs to States.

Further there is no evidence to show that the current sanction system is inadequate and needs to be replaced. States are now making progress in lowering error rates and 38 States have gotten their FY 1983 error rates below 9 percent, an improvement of nearly 50 percent from the previous year in the number of States with errors below this level. To date, the only error rate sanctions USDA has levied are the smaller sanctions that were used before the new error rate penalty system was passed. The first actual financial penalties under the new system have yet to be assessed.

The Center believes that altering the sanction system in the manner suggested would cause significant harm to needy families. When costs of this magnitude are shifted to the State welfare departments (which administer the food stamp program), the States must find some way to come up with the money. The most ready way for state welfare departments to finance the increased sanctions and stay within their departmental budgets is to set AFDC payments lower than they

would otherwise be. This is easily accomplished by allowing AFDC payments levels to fall farther behind inflation. This would be a tragedy as AFDC payments have fallen 36 percent in real terms from 1970 to 1983 according to the Center. No other part of American society has fared so badly over the past decade as AFDC mothers and their children, who have lost a very large share of their purchasing power and have fallen more deeply into poverty.

Other Food Stamp Program Problems

Lack of Knowledge of the Programs

The Center believes that many people are not aware that Federal aid is available to them and lack of information about food stamp eligibility rules may be a reason that many consumers do not get food stamps. More information about program eligibility rules must be made available to the general public.

Fixed Residence as a Requirement for Benefits

Current food stamp rules are explicit in stating that a fixed residence is not necessary to qualify for food stamps. However, a number of States appear to be ignoring this requirement and denying stamps to the homeless. The Center contends that USDA has been failing to enforce its own requirements in this area. The Center urges the Congress to monitor USDA's activities in this area very closely.

Thrifty Food Plan

The Center urges new legislation to restore benefits to 100 percent of the Thrifty Food Plan. The Thrifty Food Plan is used in establishing food stamp levels.

Asset Limits

The Center also hopes that new legislation will adjust food stamp asset limits for those receiving food stamps.

CONSUMERS FOR WORLD TRADE (CWT)

CWT is a national, nonprofit, membership organization established in 1978. It is the only consumer-oriented organization in the United States that focuses on trade issues.

CWT believes that protectionist policies such as quotas, tariffs, "voluntary" export restraint agreements, subsidies, and two-price systems that raise prices to domestic consumers and dump surpluses abroad, are all contrary to the interests of American consumers. Such policies lead to inflation and inefficient use of resources, deprive consumers of freedom of choice, and provoke retaliatory actions by trading partners.

CWT recommends that loan rates for all crops be set so as to make them competitive in world markets and that other subsidies such as deficiency payments that may stimulate excess production be reduced or eliminated. Market-oriented policies should eliminate the need for protectionist policies as well as domestic supply controls according to CWT. Support prices for crops could be set in a similar manner to those for soybeans, whereby the loan rate is a percentage of the moving average of market prices.

CWT can support a reserve program that is managed exclusively for the purpose of stabilizing supplies. It believes that such a program is necessary to ensure that consumers have adequate supplies in times of shortages, and to protect the reputation of the United States as a reliable supplier to the world market.

Efforts should be made to eliminate or reduce current import quotas, tariffs, and other import restrictions on agricultural and nonagricultural commodities including sugar, dairy products, and beef, as well as textiles and and apparel, autos, and steel. Current restrictions on imports harm U.S. agricultural exports as countries take retalitory actions or lose potential foreign exchange with which to buy U.S. commodities, according to CWT.

CWT opposes the use of export subsidies by all countries including the United States. CWT does, however, support Government efforts to provide direct economic assistance to developing countries. CWT considers food aid and export credit guarantees to countries that find themselves in temporary financial difficulties as legitimate forms of economic assistance.

CWT opposes cargo preference legislation which requires that more goods be carried on U.S. vessels. Higher shipping costs would further stifle exports and raise consumer prices.

FOOD RESEARCH AND ACTION CENTER (FRAC)

FRAC is a nonprofit public-interest law firm and advocacy center that works to end hunger and malnutrition in the United States. The Center offers legal assistance, organizational aid, training and information to groups seeking to improve or expand Federal food programs.

Food Stamps

Food stamp benefits are based on the Thrifty Food Plan. The plan is made up of different food types that families might purchase to provide nutritious meals for family members. It is the least expensive diet developed by the USDA and considers the cost of monthly food purchases for a family of four. Food stamp coupon allotments are increased every October 1 based on the increase in food costs for the previous 12-month period ending June 30.

The food stamp coupon allotment does not adequately reflect current food prices according to FRAC because by October 1 the coupon allotment is already 3 months out of date and by September of the following year allotment levels are 15 months outdated.

Another assumption reflected in the Food Stamp Act is that a food stamp household is expected to spend 30 percent of its income on food. This means that 30 percent of the households income, after certain deductions are taken, is subtracted from the Thrifty Food Plan. The difference is what the household receives in food stamp coupons. FRAC believes that it is increasingly difficult for a family to allot 30 percent of its income to food purchases.

FRAC maintains that there are other problems with the Thrifty Food Plan:

1. There are questions as to whether the plan itself is nutritionally adequate.

2. The coupon allotment assumes no eating outside the home, nor any extra food treats for the family. It also does not allow for any sharing with others and assumes unrealistic portion sizes.

3. The allotment requires preparation skills and a literacy level which many households do not have or have lost because of old age.

4. The plan allows for a very small amount of waste (only 5 percent), while average food waste figures for the United States are near 25 percent.

5. Food stamp recipients must have better than average shopping skills and must be able to purchase in bulk and store foods. Poor people often do not have such options.

6. On the plan, assumes that food is bought at national average prices. As many recipients shop at small stores, or stores in very rural or inner city areas, their prices often are much higher.

7. The plan does not account for sales tax. Therefore, food stamp recipients in the 19 states which tax food purchases have even less money available for food because part of their food stamp allotment goes toward paying the sales tax.

The food stamp program is a public benefit program where eligibility is non-categorical (anyone is eligible as long as their income and resources fall below allowable limits). According to FRAC, the critical question is at what point the lack of income or resources becomes a substantial limiting factor preventing households from obtaining a more nutritious diet.

In the Food Stamp Act of 1977, Congress adopted a net income eligibility test. Under the test, households above the poverty line could receive food stamps if their deductions brought them within the net limits. In 1981, Congress repealed the simple net income eligibility test for other than elderly and disabled recipients and established eligiblity levels based on gross income at 130 percent of the poverty line. Congress also reduced the amount of the earned income deduction. Such cutbacks eliminated nearly 1 million people from food stamp programs and reduced benefits affecting about 4 million people, according to FRAC.

An additional 1981 change further narrowed the scope of food stamp program eligibility. Prior to 1981, any group of people living together who purchased and prepared their meals together for home consumption were treated as a seperate household. Food Stamp eligibility was based on the income and resources of all household members. In 1981, children of any age living with their non-elderly or disabled parent were prohibited from being treated as a seperate household even if they purchased and prepared their meals separately from their parents. In 1982, this prohibition was extended to siblings living together.

Such changes in the definition of a food stamp household affected the ability of families with incomes below the poverty line to qualify for food stamps, according to FRAC.

FRAC cites nonparticipation among eligible food stamp households as another significant problem. They believe that poor information concerning eligibility status is an important barrier to participation facing the population of eligible households (In 1981, Congress not only repealed funding but also prohibited future funding for any Food Stamp Program outreach activities).

FRAC believes that there are several other explanation for nonparticipation among eligible households.

1. Often the benefit to which a household is entitled may be so low that it is not worth the time and effort involved to obtain it, thus deterring participation.

2. Recipients must endure a large number of administrative inconveniences in order to receive food stamps (long waits, crowded waiting rooms, repeated trips to the food stamp office to document need, complicated forms, and so forth).

3. Many households lack transportation to get to the food stamp office.

4. There is a stigma effect that many people dislike receiving welfare payments.

FRAC believes that the need for reform in the food stamp program centers on two crucial components, adequacy of program benefits and expansion of eligibility. A third component would be image improvement.

Adequacy of Benefits

Perhaps the simplest way of achieving adequacy of benefits would be to revise the Thrifty Food Plan on which benefits are based. USDA has computed the cost of food plans at a variety of spending levels. The next plan above the Thrifty Food Plan is called the Low-Cost Food Plan and costs 27 percent more than the Thrifty Food Plan.

If the standard upon which benefits are assessed was raised to a more adequate level, the program would provide greater benefits to households with lower incomes. The Thrifty Food Plan could then be updated for inflation to maintain its adequacy relative to food prices. Even greater adequacy would be achieved with more frequent inflation adjustments (such as every 6 months, rather than annually as under present law).

Expansion of Eligibility

Eligibility could be made more inclusive in the following ways:

1. Gross income restrictions could be removed in favor of a return to examining income after allowable deductions are taken.

2. Asset limits could be updated to more accurately reflect current market conditions.

3. The number and amount of deductions used in determining eligibility and benefit levels could be liberalized to more accurately reflect the true circumstances of low-income people.

4. The household definition could return to the concept of an economic unit and not penalize family members forced to share living space due to lack of income.

Image of Program

FRAC believes that the United States could greatly benefit from a positive public education campaign designed to improve the image of the food stamp program as well as other public assistance programs.

Women, Infants, and Children (WIC)

The WIC program is a Federal food assistance program that does not have entitlement status. As a nonentitlement program, WIC is not fully guaranteed its authorized spending level set by Congress each fiscal year and, therefore must depend on the appropriations process for fiscal budgeting planning. Each fiscal year, the WIC program must spend within a finite appropriation ceiling and therefore cannot provide needed nutritious benefits to all of the eligible women, infants, and children in the Nation. According to FRAC, only one-third of the estimated eligible population is being served by the WIC program, thereby limiting its efforts to reduce infant mortality and improve child health.

FRAC recommends two modest steps that could be taken to improve and expand WIC services without major legislative changes.

Integration of Maternal and Child Health Programs

Although the WIC program is operated by each State's department of health, the WIC staff is often isolated from other integrated maternal and child health services at both the State and local level. WIC often continues to operate tangentially to maternal and infant care projects and other public health services. In some instances the result of this relationship has been poor State management of WIC, underutilization of available WIC funds, and underserving the eligible population.

Better integration of WIC staff and program services into the maternal and child health structure at the State and local level is an important requirement for all WIC programs.

Capped Entitlement Status

FRAC recommends legislation to make WIC a capped entitlement program. It would ensure financial stability to the current program and provide groundwork for full entitlement in the future. Capped entitlement status would guarantee an appropriation at the fully authorized ceiling. It would also diffuse an executive branch effort to either defer or rescind WIC funds at will. As a capped entitlement, all funds must be allocated.

Child Nutrition Programs

School Breakfast Program

FRAC recommends legislative action to improve the quality of the meal pattern for the school breakfast program by increasing the rate of reimbursement for meals that serve additional protein and a wider variety of fruits, vegetables, and grains.

The Center also recommends providing financial incentives to schools to initiate a school breakfast progam, such as assistance in purchasing food service equipment, higher rates of reimbursement for schools which State agencies have defined as "in special need of assistance," and provision of surplus commodities to school breakfast programs.

A policy requiring any school wherein 25 percent or more of the children receive free or reduced-price lunches to institute a school breakfast program should also be considered.

School Lunch Program

FRAC favors legislation that would increase free meal eligibility from 130 percent of poverty to 135 percent and reduced-price eligibility from 185 percent of poverty to 195 percent.

Another possible option that Congress should consider is that of a Universal Free Lunch. Such a program would have several significant advantages according to FRAC. First, it would end the necessity of having to document and verify the income of children within the school. Second, it would refocus the program

on its initial goal of providing nutritious meals to all children throughout the Nation that wish to participate in the program. Third, it would eliminate all problems associated with overt identification of poor children.

Child Care Food Program (CCFP)

FRAC recommends several options to improve program quality and expand participation. State agencies should be required to conduct outreach programs to find accessible, quality, and affordable care for low-income working parents and to bring more family day care homes and centers into CCFP. A tax credit system should be established for private industries that run their own not-for-profit licensed day care facilities and participate in CCFP.

Summer Food Service for Children (SFSPC)

Suggested legislative options to improve SFSPC include allowing private nonprofit sponsors who serve areas where one-third of the population are low-income to participate in the program, and creating a nutrition education component in SFSPC by providing stipends for community nutrition students who provide materials, services to program sponsors, and education to children.

Congregate Meals and Home-Delivered Meals

FRAC believes that the level of funding for these programs is seriously inadequate and should be increased. Entitlement status should be accorded to the program and sufficient funds appropriated to serve all elders requesting service. In the absence of entitlement status, Federal fund allocations should also consider a State's share of elders below the poverty line (currently, funds are distributed to States based soley on their proportionate share of persons aged 60 and above). However, no State should lose funding as result of the implementation of this allocation procedure.

Language which prioritizes service to the most needy elders must be vigorously enforced.

National Nutrition Center

FRAC supports the authorization of a quasi-independent agency to collect, integrate, analyze, and disseminate nutritional information to policymakers and the public. Such a center would focus on the following:

1. prospective and actual impacts of economic trends on the nutritional health of the U.S. population,

2. potential and actual impacts of Federal budget and policy decisions affecting food, nutrition, and health programs on the nutritional health of the U.S. population, and

3. potential and actual impacts of food processing, food marketing, and food retailing and agriculture-related decisions on the nutritional health of the population.

Commodity Distribution

FRAC does not feel that commodity distribution programs should be substituted for the food assistance programs. Unlike the food stamp program, which recognizes that people have the right to an adequate diet and the right to choose what to eat, commodity distribution compels poor people to eat America's leftovers, according to FRAC. However, when surplus production occurs, commodities should be provided to needy persons on a supplemental basis.

The Temporary Emergency Food Assistance Program (TEFAP), which is up for reathorization in 1985, has serious shortcomings. Food banks and energency food providers are not receiving adequate reimbursement for expenses associated with surplus commodity distribution, especially capital costs for storage and transportation facilities. Some States and USDA have imposed unnecessarily complex procedures for inventory control and income verification on local providers. Many counties, especially in rural areas, have no distribution mechanism at all. Alternative distribution procedures, including the use of vouchers in retail grocery stores for the purchase of commodities deemed in surplus by USDA, should be seriously examined.

Food Stamp purchases help to keep supermarket or food stores in inner cities and rural towns (thus creating jobs and generating income to the community). Replacing food stamp programs with commodity distribution programs would remove this buying power from local communities.

FRAC believes that only in special situations are commodity distribution programs the preferred means of basic food assistance. Those may include assistance to indian reservations, schools, day care centers, elderly nutrition programs, church "soup" kitchens and other non-profit charitable institutions.

COUNSEL FOR THE AMERICAN SCHOOL FOOD SERVICE ASSOCIATION

The Counsel for the American School Food Service Association focuses its lobbying efforts on surplus commodity distribution programs. As schools are a major recipient of surplus agricultural commodities, the Counsel urges that such programs be continued in new farm legislation.

Bonus Commodities

Under the National School Lunch Act of 1946, commodity assistance is provided to schools that participate in the National School Lunch Program. As amended, schools currently receive an entitlement of 11.5 cents worth of agricultural commodities per lunch. The commodities received are either acquired under price support programs (Section-416 commodities) or purchased by the Government because they have been deemed surplus by the Secretary of Agriculture (Section-32 commodities).

In addition to entitlement commodities, school lunch programs may also receive "bonus" commodities. Bonus commodities (commodities that are not assessed against the State's entitlement), can only be authorized by the Secretary of Agriculture in quantities determined by him. Bonus commodities can be either Section-416 or Section-32. The amounts and types of commodities varies from year to year. Examples of bonus commodities for fiscal year 1983 include dairy products, honey, rice, cherries, chicken, and beef. The Counsel strongly believes that the Secretary should declare additional commodities as bonus. Those include wheat, flour, and corn.

National Commodity Processing Programs

Current law allows the Food and Nutrition Service (FNS) to contract with manufacturers to process certain surplus agricultural commodities. Manufacturers sell the processed products (such as pizza, bread, ice cream or turkey rolls), nationwide to schools at prices reduced by the value of the Government-donated ingredients. The Counsel believes that this program should be extended to include more commodities.

Commodity Distribution

Local school districts and State governments are responsible for funding and administering the distribution of surplus commodities within the State. The Counsel believes that more of these costs should be born by the Federal government.

PUBLIC VOICE

Public Voice is a nonprofit research, education, and advocacy organization formed in 1982 for the purpose of protecting consumer interests regarding food and health issues.

Public Voice supports federal farm policies that effectively protect, preserve, and promote family farms. It also is concerned with any domestic farm programs that raise consumer prices to the extent that they are disproportionate to the benefits that family farmers and sociey as a whole reap.

A significant proportion of consumers spend close to 40 percent of their income on food and are among the Nation's poorest, according to Public Voice. The organization contends that it is vitally important that the nation's food assistance Programs be targeted to those consumers.

Public Voice is also concerned about the distribution of Federal farm program benefits among farmers. They believe that current programs are unacceptable if the Nation's objective is to promote family farms, target benefits to those farmers in need, and eliminate incentives for conglomerate agriculture.

Payment limitations previously have been used to help modify the benefit distribution problem but were eliminated with the adoption of the PIK program. Public Voice feels that their elimination is useful in encouraging maximum farmer participation but is difficult to justify from the perspective of income subsidy needed.

The problem of benefit distribution is especially relevant to the dairy programs. With no payment limitations, the largest dairy farmers have received a much greater share of the program benefits than smaller dairy producers. Overproduction, underconsumption, and large taxpayer costs are other problems plaguing the dairy sector. Public Voice urges new legislation to consider a dairy support program that allows price support levels to be reduced to the extent necessary to reduce production and increase consumption.

The sugar program also is an area of concern to Public Voice. The program's protective scheme of duties and quotas has limited sugar imports and driven up consumer costs, according to Public Voice. In addition, many of the primary beneficiaries of the sugar program are large, multinational conglomerates. Public Voice recommends that these issues be addressed in any future sugar price support legislation.

APPENDIX I:
PARTICIPATING ORGANIZATIONS AND CONTACTS

David Senter
National Director
American Agriculture Movement
100 Maryland Ave., N.E.,
Suite 500A,
Box 69,
Washington, D.C. 20002
(202)-544-5750

John Datt
Executive Secretary
American Farm Bureau Federation
600 Maryland Ave., S.W.,
Washington, D.C. 20024
(202)-484-2222

Chuck Frazier
National Farmers Organization
475 L'Enfant Plaza, S.W.
Suite 2250
Washington, D.C. 20024
(202)-484-7075

Paul Sacia or Robert J. Mullins
National Farmers Union
600 Maryland Avenue, S.W.
Suite 202
Washington, D.C. 20004
(202)-554-1600

Jim Miller
Assistant Legislative Director
The National Grange
1616 H Street, N.W.
Washington, D.C. 20006
(202)-628-3507

Sydney Beck
National President
Women Involved in Farm Economics
Route One, Box 28
Pansy, Alabama 36370
(205)-522-3639

Stephen E. Eure
Manager of Legislative Affairs
American Meat Institute
Box 3556
Washington, D.C. 20007
(703)-841-2400

William P. Roenigk
Director of Economic Research
and Membership Services
National Broiler Council
1155 Fifteenth Street, N.W.
Washington, D.C. 20005
(202)-296-2622

Ron Michieli or John W. Ross
National Cattlemen's Association
425 13th Street, N.W.
Suite 1032
Washington, D.C. 20004
(202)-347-0228

Doyle Talkington
Administrator of Government Affairs
National Pork Producers Council
1015 15th Street, N.W.
Washington, D.C. 20005
(202)-347-0911

Daniel Murphy
Director of Governmental Affairs
National Wool Growers Association
425 13th Street, N.W.
Suite 826
Washington, D.C. 20004
(202)-628-1333

Richard McDonald
Executive Director
Texas Cattle Feeders Association
5501 West Interstate 40
Amarillo, Texas 79106
(806)-358-3681

Sandy Burke
Director of Government Relations
United Egg Producers
2501 M Street, N.W., Suite 410
Washington, D.C. 20037
(202)-833-3123

Robert F. Anderson
Executive Director
American Butter Institute/
National Cheese Institute Inc.
699 Prince Street
Alexandria, Virginia 22314
(703)-549-2230

Warren S. Clark Jr.
Executive Director
American Dry Milk Institute Inc.
130 North Franklin Street
Chicago, Illinois 60606
(312)-782-4888

Lynn E. Elrod
Associated Milk Producers Inc.
Box 32287
San Antonio, Texas 78284
(512)-340-9100

Dr. LaVern Freeh
Director of Government Affairs
and Intl. Market Development
Land O' Lakes Inc.
Box 116
Minneapolis, Minnesota 55440
(612)-481-2222

Linwood Tipton
Executive Vice President
Milk Industry Foundation/Intl.
Assn. of Ice Cream Mfrs.
888 16th Street, N.W.
Washington, D.C. 20006
(202)-296-4250

Patrick Healy
Chief Executive Officer
National Milk Producers Federation
1840 Wilson Blvd.
Arlington, Va. 22201
(703)-243-6111

Roy Henwood Jr.
President
Millers' National Federation
600 Maryland Avenue, S.W.
Suite 305 West Wing
Washington, D.C. 20024
(202)-484-2200

Margie R. Williams
Director of Government Affairs
National Association of Wheat Growers
415 2nd Street, N.E.
Suite 300
Washington, D.C. 20002
(202)-547-7800

Dan McGuire
Director
Nebraska Wheat Growers
Box 94912
Lincoln, Nebraska 68509
(402)-471-2358

Norm Wickerly
U.S. Durum Association
Box 126
Hurdsfield, North Dakota 58451
(701)-962-3341

Steve Kopperud
Legislative Director
American Feed Manufacturers
Association, Inc.
1701 N. Ft. Myer Drive
Arlington, Va. 22209
(703)-524-0810

Elbert Harp
Executive Director
Grain Sorghum Producers Association
Box R
Abernathy, Texas 79311
(806)-298-2543

John Campen
Illinois Corn Growers Association
2415 East Washington Street
Bloomington, Illinois 61701
(309)-557-3257

Steve Daugherty
Public Affairs Director
Iowa Corn Growers Association
306 West Towers
1200 35th Street
West Des Moines, Iowa 50265
(515)-225-9242

Richard Daws
Vice President
National Barley Growers Association
Michigan, North Dakota 58259
(701)-259-2135

T.W. Smith
President
Calcot, Ltd.
Box 259
Bakersfield, California 93302
(805)-327-5961

Michael Hall
Executive Director
National Corn Growers Association
1015 15th Street, N.W.
Suite 201
Washington, D.C. 20005
(202)-371-1450

Donald Johnson
Executive Vice President
Plains Cotton Growers
Box 3640
Lubbock, Texas 79408
(806)-762-0553

Kendell Keith
National Grain and Feed Association
Box 28328
Washington, D.C 20005
(202)-783-2024

Charles Bragg
Chairman of Producer Steering Committee
of National Cotton Council of America
National Cotton Council of America
Box 12285
Memphis, Tennessee 38112
(901)-274-9030

Stephen Gabbert
Executive Vice President
The Rice Millers' Association
Crystal Gateway One, Suite 302
1235 Jefferson Davis Highway
Arlington, Va. 22202
(703)-920-1281

Dr. Ken Keller
Brightbelt Tobacco Warehouse
Association, Inc.
Box 12004
Raleigh, North Carolina 27605
(919)-828-8988

James R. Errecarte
Executive Vice President
Rice Growers Association of California
Box 958
Sacramento, Ca. 95804
(916)-371-6941

William Balden
Producer Representative
Burley Tobacco Producer Ad Hoc Group
102 East Lexington
Danville, Kentucky 40422
(606)-236-5515

Neal Gillen
Vice President & General Counsel
American Cotton Shippers Association
1725 K Street, N.W.
Suite 1210
Washington, D.C. 20036
(202)-296-7116

Hugh Kiger
Executive Vice President
Leaf Tobacco Exporters
Association, Inc.
3716 National Drive
Suite 114
Raleigh, North Carolina 27612
(919)-782-5151

T.C. Blalock
Executive Vice President
Tobacco Growers Association
of North Carolina, Inc.
1315 Brooks Avenue
Raleigh, North Carolina 27607
(919)-781-2307

Dave Henderson
Tobacco Institute
1875 I Street, N.W.
Washington, D.C. 20006
(202)-457-4815

Frank Robinson
The American Beekeeping
Federation, Inc.
13637 N.W. 39th Avenue
Gainesville, Florida 32606
(904)-332-0012

Glenn Gibson
Executive Secretary
The American Honey Producers
Association, Inc.
Box 368
Minco, Oklahoma 73059
(405)-352-4126

Luther Markwart
Executive Director
American Sugarbeet Growers Association
1156 15th Street N.W.
Suite 1020
Washington, D.C. 20005
(202)-833-2398

Don Wallace
Vice President
American Sugar Cane League
232 East Capitol Street
Washington, D.C 20003
(202)-544-4755

Kyd Brenner
Director of Public Affairs
Corn Refiners Association, Inc.
1001 Connecticut Avenue, N.W.
Washington, D.C. 20036
(202)-331-1634

Horace Godfrey
Vice President
Florida Sugar Cane League
918 16th Street, N.W.
Suite 501
Washington, D.C. 20006
(202)-785-4070

Eiler Ravnholt
Vice President
Hawaiian Sugar Planters' Association
1511 K Street, N.W.
Suite 723
Washington, D.C. 20005
(202)-628-6372

Linwood Tipton
Chairman
Sugar Users Group
888 16th Street, N.W.
Washington, D.C. 20006
(202)-223-3225

David Carter
President
U.S. Beet Sugar Association
1156 15th Street, N.W.
Suite 1019
Washington, D.C. 20005
(202)-833-2398

Nicholas Kominus
President
U.S. Cane Sugar Refiners' Association
1001 Connecticut Avenue
Washington, D.C. 20036
(202)-331-1458

John Baize
Washington Representative
American Soybean Association
Capitol Gallery Bldg.
600 Maryland Ave., S.W.
Suite 510
Washington, D.C. 20024
(202)-554-7804

Larry Kleingartner
Executive Director
National Sunflower Association
Box 2533
Bismarck, North Dakota 58502
(701)-224-3019

Stephanie Patrick
Cargill Inc.
1101 15th. Street, N.W.
Suite 205
Washington, D.C. 20005
(202)-785-3060

Vern McMinimy
Economist
National Soybean Processors
Association
2200 East Eldorado
Decateur, Illinois 62525
(217)-423-4411

Martin Collady
Vice President of Public Affairs
ConAgra Inc.
ConAgra Center
One Central Park Plaza
Omaha, Nebraska 68102
(402)-978-4160

Ross Wilson
National Peanut Growers Group
Box 338
Gorman, Texas 76454
(817)-734-2222

Rebecca Frailey
Continental Grain Company
818 Connecticut Ave., N.W.
Washington, D.C. 20006
(202)-331-1922

James Mack
General Counsel
Peanut Butter and Nut Processors
Association
9005 Congressional Court
Potomac, Maryland 20854
(301)-365-4080

Charles Boothby
Executive Vice President
National Association
of Conservation Districts
1025 Vermont Avenue, N.W.
Washington, D.C. 20005
(202)-347-5995

John Greene
Executive Director
Southeastern Peanut Association
Box 1746
Albany, Georgia 31702
(912)-888-2508

Randy Jones
National Association of Farm Cooperatives
1800 Massachusetts Ave. N.W.
Washington, D.C. 20036
(202)-659-1525

Sydney Reagan
General Counsel
Southwestern Peanut Shellers
Association
8235 Douglas
Suite 1000
Dallas, Texas 75225
(214)-363-0290

Joseph Halow
Executive Director
North American Export Grain Association, Inc.
1800 M Street, N.W.
Suite 610 North
Washington, D.C. 20036
(202)-223-8285

Jim Riggle
American Farmland Trust
1717 Massachusetts Avenue, N.W.
Washington, D.C. 20036
(202)-332-0769

Larry Meyers
Vice President of Legislative Affairs
The Fertilizer Institute
1015 18th Street, N.W.
Washington, D.C. 20036
(202)-861-4900

Robert Greenstein
Director
Center on Budget and Policy Priorities
236 Massachusetts Ave. N.E.
Suite 305
Washington, D.C. 20002
(202)-544-0591

Doreen Brown
President
Consumers For World Trade
1346 Connecticut Avenue N.W.
Washington, D.C. 20036
(202)-785-4835

Marshall Matz
General Counsel for American School Food Service
2501 M Street, N.W.
Washington, D.C. 20037
(202)-861-1234

Marsha Simon
Food Research and Action Center
1319 F Street, N.W.
Suite 500
Washington, D.C. 20004
(202)-393-5060

Ellen Haas
Executive Director
Public Voice
1001 Connecticut Avenue, N.W.
Suite 519
Washington, D.C. 20036
(202)-659-5930

Cliff Ouse
Communicating for Agriculture
Legislative Affairs
National Rural Electric Cooperative Association
1800 Massachusetts Ave., N.W.
Washington, D.C. 20036
(202)-857-9754

APPENDIX II OTHER ORGANIZATIONS CONTACTED

The organizations listed here were contacted, but did not provide information on farm legislation. They indicated that by law they cannot actively participate in farm bill discussions, that they lobby on nonagriculture issues, that they voice their concerns through some other organization, that they do not plan to actively participate in farm bill discussions, or that they were not ready to provide information.

American Dairy Association
American Sheep Producers Council, Inc.
American Sugar Cane League
Bungee Grain Company
Consumer Federation of America
Community Nutrition Institute
Consumers Union of the United States
Dreyfuss Grain Company
Harvest States Coop
National Association of Farmer Cooperatives
National Consumers League
National Dairy Council
National Feed and Grain Association
National Peanut Council
National Turkey Federation
Public Citizens Congress Watch
Pacific North West Grain Dealers Association
Rice Council for Market Development
Tobacco Institute
U.S. Feed Grains Council
U.S. Wheat Associates

University of Illinois
at Urbana-Champaign
Agricultural Experiment Station
Mumford Hall
Urbana, Illinois 61801

D. A. Holt, Director
Publication